

FINANCIAL TIMES

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UN sanctions US invasion to oust Haiti military junta

The United Nations Security Council told US president Bill Clinton he could invade Haiti and remove its military leaders by force, but sources within the Clinton administration said this did not necessarily mean an invasion was imminent. The resolution allows the use of "all necessary means" to restore to power President Jean-Bertrand Aristide, whom General Raoul Cedras ousted in 1991 and who is now in exile in the US. Page 14

Milosevic urges Bosnia peace Serbian president Slobodan Milosevic, faced with growing economic sanctions, urged his kinsmen in Bosnia to accept an internationally sponsored plan to end civil war in the republic. Page 14

Toubon to carry on Frangilis battle

French culture minister Jacques Toubon (left) said he would continue his campaign to restrict the use of foreign words in the French language despite opposition from the Constitutional Council, the body which assesses whether new legislation is valid. Mr Toubon, whose campaign has earned him the nickname "Mr Allgood", said the council's ruling was simply "a technical setback". Page 14

Rabin presses Syria for peace move Israeli prime minister Yitzhak Rabin urged Syria to make the next move towards peace in the Middle East while renewing his calls for direct negotiations with the Syrian leadership. Page 3

US auctions airwaves for \$617m The US government collected more than \$617m in the Federal Communications Commission's first auction of airwaves. Page 4

Russians warned over MMM The Russian government said it would not use taxpayers' money to compensate those who had lost money on shares in the MMM finance house which is on the brink of collapse. Page 2

Mercedes-Benz, German vehicle builder, is to set up a development centre for autonomous-free commercial vehicles at its Mannheim plant. Page 17

'Fortress Europe' visa claims The European Commission is exceeding its powers by seeking to impose visa requirements amounting to narrowing the drawbridge to "fortress Europe", a UK House of Lords report says. Page 5

Rivalries at Astra satellite operator Société Européenne des Satellites, Luxembourg-based company that operates the Astra satellite television system, has been split by bitter rivalries and attempts to overturn its management. Page 15

Polish banks to co-operate Three Polish banks have agreed to work together in a first step towards consolidation of the country's fragmented banking sector. Page 17

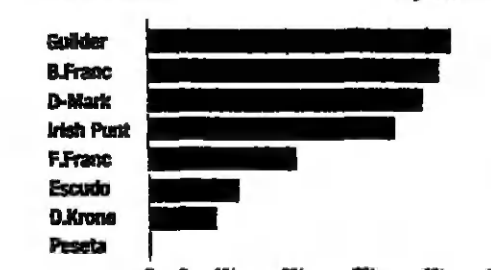
Suez calls off Ebelle sale French financial and investment group Suez has broken off negotiations to sell its Ebelle Reassurances for around FF2.1bn (\$390m) to Scor, France's largest reinsurer, because Scor wanted a price cut. Page 15

BASF postpones investment in Italy German chemicals group BASF postponed investment in Italy because of government-inspired price cuts and healthcare reforms. Page 17

UK urged to cut alcohol duty Britain must cut excise duties to the same levels as France to prevent the cross-channel bootlegging of alcohol, says a report by the consultancy London Economics. Page 5

European Monetary System France and Portugal trimmed interest rates last week, but the order of currencies in the EMS grid remained unchanged. There was little movement in the spread between strongest and weakest currencies because most attention was outside the grid where the lira was weaker and the pound and dollar firmer. Currencies, Page 27

EMS: Grid July 29, 1994



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

UK company undercuts Japan's market Helped by the strong yen, Birmingham-based machine tool builder Cincinnati Milacron UK is selling general purpose machine centres to Japan, the world's largest producer. Page 5

Persil washes friender Anglo-Dutch consumer goods group Unilever widened its battle over washing powders with US rival Procter and Gamble by claiming that its Persil Power powder is environmentally friendlier than rivals. Page 13

US threatens sanctions on Tokyo

By Nancy Dunne in Washington

The US yesterday initiated trade sanctions proceedings against Japan after breaking off separate negotiations with Canada as a self-imposed deadline for unilateral trade action approached. The US set in motion a 60-day consultation period which will be followed by punitive sanctions if the two countries are unable to resolve a dispute over what the US claims are discriminatory Japanese practices in government procurement of telecommunications and medical equipment. Retaliatory moves against Japan or Canada, or both, would be a test of US resolve on trade issues after much tough talking on market opening and protecting US interests. Any punitive action would be

Washington breaks off trade talks with Japan and Canada

The first since the signing of the Uruguay Round agreement in Marrakesh earlier this year. Talks over Canadian wheat exports to the US, where farmers claim they are suffering, remained unresolved late yesterday. A Canadian delegation had returned home but the two sides maintained telephone contact in a bid to avert imminent sanctions. The US is reluctant to take action against Japan and Canada after widespread criticism that Washington's hard-nosed approach to Japan had destabilised the relationship and driven the yen up and the dollar down. With Ottawa, the US has only

US takes hard line on dumping Page 4

the flimsiest of rationales for limiting Canadian wheat exports. The US International Trade Commission, acting on a request from President Bill Clinton, found that Canada's wheat sales had damaged the US price support programme. But three of the six commissioners found the harm to be minimal and recommended only weak sanctions. Mr Clinton is expected to decide as early as today what action, if any, to take to curb wheat imports. The pressure from senators in northern wheat-

growing states has been intense and the US pasta industry, which would be hurt by wheat quotas, is strenuously pushing its case. Even retaliation might be temporary. The domestic statute under which the action would be taken will be phased out of existence when the new World Trade Organisation goes into effect. The WTO is tentatively scheduled to start for launch next January. US and Japanese negotiators have been reporting progress but not enough. Japan last week gave the US a detailed compro-

mise proposal containing elements of "objective indicators to measure progress" as demanded by the US. Japanese negotiators had not held out much hope that this would be enough to stave off sanctions proceedings and the reaction in Tokyo to the collapse of the talks was calm. A foreign ministry official was quoted yesterday as saying Japan would continue to seek a resolution to the issue within the framework talks on trade set in motion a year ago. Japan is resisting US demands for the two sides to agree "objective criteria" whereby improved penetration of Japanese markets by foreign companies can be measured.

The remaining difficulty has been the US demand for an agreement calling for "significant increases" in access and sales in Japan. A senior US official defended the use of domestic trade laws, under which any action against Canada or Japan would be taken. "The US is still the lender and trader of last resort, with the job to keep the multilateral trading system running," he said. "We don't have the option of pulling out of the international system because it will totally collapse." He likened the trade laws to "swords of Damocles - not to be unsheathed" because of the harm they could do to the international trading system. "They are like nuclear weapons. They are best in their sleep," he said.



Coalition partner steps up pressure on Berlusconi

By Robert Graham in Rome

Proposals by Italian prime minister Mr Silvio Berlusconi to distance himself from his Fininvest media empire have been dismissed as wholly inadequate by the leader of one of the government's main coalition partners. Speaking at the weekend, Mr Umberto Bossi, who heads the populist Northern League, said: "The proposals won't stand up." And he said he would be presenting a completely new approach to resolve the worsening crisis over the conflict of interest between Mr Berlusconi's role as prime minister and his ownership of Fininvest, Italy's second-largest private group.

The challenge from Mr Bossi followed earlier outcries voiced by President Oscar Luigi Scalfaro over the plans which Mr Berlusconi unveiled on Friday. This suggests Mr Berlusconi will face a much tougher task than originally expected when he defends his proposals in a special parliamentary debate tomorrow. Mr Berlusconi proposed that Mr Scalfaro, in conjunction with the speakers of the two houses of parliament, nominate a five-member commission to monitor the conflict of interest. They could also monitor the management of Fininvest.

At the same time, Mr Berlusconi could nominate an "administrator" who would be able to sanction management decisions.

Continued on Page 14

Berlusconi caught in web, Page 2

Indebted Russian enterprises fail to pay workers

By John Lloyd in Moscow

Increasing numbers of Russian workers are receiving no wages for months at a time, creating a "working poor" in enterprises deep in debt and often barely able to continue production. The working poor, a class that is likely to continue to grow as credits for enterprises are slashed, have been highlighted by Goskomstat, the state statistics office. Goskomstat suggests that workers at 33,000 enterprises, of which 20,000 are collective farms or agro-industrial corporations, regularly receive no pay for months at a time. In one case cited, an agricultural enterprise in Khabarovsk in

only Rbs20,000 a week. The Labour Ministry data indicate that 3 per cent of workers receive less than Rbs1,500 - the level below which absolute want is reckoned to exist. People living below the subsistence minimum are reckoned to spend four fifths of their income on food. As well as the absolute poverty suffered by the lowest-paid section of the population, the ministry figures show a rapidly widening gap between rich and poor. The richest 10 per cent of the 142m Russians receive 23 per cent of incomes, with the lowest 10 per cent receiving 3 per cent of incomes.

Moscow tries to limit MMM fallout Page 2

the far east, the workers had not been paid since last August. The overall indebtedness of enterprises to their workers in the Russian economy stands at about Rbs3.4 trillion (million million).

The figure is climbing steadily and grew in June alone by 15 per cent. The worst affected regions appear to be Siberia and the far north. In separate figures produced last week by the Labour Ministry, the number of Russians living below the official poverty line or subsistence minimum is 24m, or 16.4 per cent of the total population.

Mr Victor Chernomyrdin, the prime minister, was harangued by such workers on his trip last week round Siberia, with women in one plant claiming to receive

According to figures produced last week for the upper house of parliament, income to the budget is about 82 per cent of that planned - because of the inability of the state to gather in tax income, especially from enterprises that are themselves technically bankrupt. However, the government continues to hold to its tough line, which has seen inflation brought down to about 4 per cent-5 per cent a month. However, Mr Chernomyrdin told directors of military industrial plants last week that they must no longer count on state subsidies - and that the task of converting their plants to civilian production, and thus of the survival of their enterprises, lay in their hands alone.

China suspends stock listings to brake price slide

By Tony Walker in Beijing

China's beleaguered stock market regulators have suspended new stock listings this year to brake the downward slide by the country's equity markets. China's A-share index for local investors in Shanghai, the country's main exchange, closed at 333.92 on Friday, 80 per cent down from its February 1993 peak of 1,640.71. The decision to stop new share issues followed an emergency meeting between the China Securities Regulatory Commission (CSRC) and stock market officials. It reflects growing official concern at a disastrous loss of public confidence in China's fledgling stock markets.

The freeze on new listings covers share issues delayed from last year and those proposed for 1994. The commission had already slowed the listing process but that has had little effect on the markets. The CSRC will seek to increase the number of institutional investors and will encourage the establishment of Sino-foreign companies to channel funds into the A-share market, which is restricted to local investors. Among reasons identified by

stock regulators for the market volatility is the lack of a solid institutional base among investors. Most investors are private individuals seeking short-term speculative gains. China's securities regulators are also looking at schemes to pump money into "selected securities institutions to enliven trading". The latest CSRC announcement made no mention of plans to combine A-shares and B-shares to boost confidence in the market and increase turnover. B-shares for foreigners are denominated in yuan but are traded in US and Hong Kong dollars. Foreign securities analysts say that while merging the A and B-share markets in Shanghai and Shenzhen is desirable, it is not feasible as long as the yuan is not fully convertible. In continuing efforts to "talk up" the markets, Mr Liu Hongru, chairman of the CSRC, was quoted in the official media on Saturday as saying that China would issue US\$1bn worth of B-shares for overseas investors in the "coming years".

Continued on Page 14

World stock markets, Page 22

NTT DATA COMMUNICATIONS SYSTEMS CORPORATION

Y10,000,000,000

4.10 per cent. Bonds due 1999

Issue Price 100.25 per cent.

IRJ International plc

DKB International

Daiva Europe Limited

Nomura International

Sanmoto Finance International plc

Fuji International Finance PLC

Nikko Europe Plc

Samwa International plc

Sunimoto Trust International plc

Yamaichi International (Europe) Limited

Austria	S&P	Qatar	D33	Lib	LF65	Qatar	QRI100
Bahrain	D1250	Hong Kong	HK319	Mali	LF40	S&P	QRI100
Dalman	LF40	Hong Kong	HK319	Mali	LF40	S&P	QRI100
Bahrain	LF40	Hong Kong	HK319	Mali	LF40	S&P	QRI100
Cyprus	LF40	Hong Kong	HK319	Mali	LF40	S&P	QRI100
Cyprus	LF40	Hong Kong	HK319	Mali	LF40	S&P	QRI100
Cyprus	LF40	Hong Kong	HK319	Mali	LF40	S&P	QRI100
Cyprus	LF40	Hong Kong	HK319	Mali	LF40	S&P	QRI100
Cyprus	LF40	Hong Kong	HK319	Mali	LF40	S&P	QRI100
Cyprus	LF40	Hong Kong	HK319	Mali	LF40	S&P	QRI100

No taxpayers' money to compensate those who gambled and lost on shares in controversial finance house

Moscow tries to limit damage from tottering MMM

By John Lloyd in Moscow

The Russian government sought over the weekend to limit the damage caused by the threatened collapse of the MMM finance house - in which millions have invested in the hope of huge returns - by saying it would not use taxpayers' money to compensate those who had gambled and lost on MMM shares.

The company, however, continued to proclaim its solvency, and yesterday sought to prove it by raising the price of shares from the Rb1,000 it had announced on Friday - cut from the previous high of Rb115,000 - to Rb1,125.

It also told pensioners and invalids that it would redeem their shares at the previous high price on the receipt of a written request.

The ground round the MMM office in a Moscow suburb yesterday was, once again, crowded with people on a brilliant summer day - with tents doing brisk business selling pensioners and invalids ordinary pieces of paper for Rb100 - a new high-water mark of the market economy - on which they could write their requests for refunds.

Mrs Frida Prosyankina, a pensioner receiving Rb50,000 (about £27) a month, said she had one share for which she had saved for a year, and did not know whether or not to sell it or retain it in the hope of the shares climbing again.

Mr Victor Chernomyrdin, the Russian prime minister, speaking from Petrozavodsk in the Karelian republic, said there would be no compensation because "people could only be repaid by those who had not bought MMM shares" - showing a new typical concern for the interests of the taxpayer.

Ramming the point home in a TV interview on Saturday, Mr Andrei Kazmin, a deputy finance minister, said, "The market economy means above all the direct personal responsibility of each individual."

Mr Chernomyrdin offered the blow by acknowledging that the government was at fault for failing to bring in legislation on the securities market, and blamed the Finance Ministry and its senior officials for failing to use what rules and regulations there were.

"We cannot stop people buying the shares but we were obliged to explain to them what was behind this," he said, and promised "punishment" for those responsible.

The Finance Ministry, now preparing a set of regulations in record time, said it would insist on an audit of MMM and all similar companies now operating in the market. One such company is Telemarket, whose shares fell over the weekend from Rb30,000 to Rb15,000.

However, it blamed the mass media for continuing to broadcast and publish MMM advertisements after the publication of a presidential decree in June offering investors protection from irresponsible advertising.

For his part Mr Sergei Mavrodi, MMM chairman, promised a meeting with representatives of the shareholders on Saturday, then failed to turn up. The company says it will open its selling points tomorrow and again trade in the shares at the new price of Rb1,125.

The black market price of the old shares continued to enjoy a substantial premium over the new issues, hovering between Rb6,000 and Rb8,000. This was widely interpreted to indicate people's refusal to believe they will not be redeemed. The pre-crisis shares were trading at higher prices than those issued after the crisis - which bear a stamp to distinguish them.

A poll taken by the Institute of Sociology on Saturday gave some comfort to the government, which has tended to be blamed for MMM's threatened crash because of warnings it delivered on its viability 10 days ago. The poll showed that 25 per cent of the Muscovites questioned said they would blame the company for the crisis, while 21 per cent said the shareholders' "guiltibility and naivety" were to blame - against 13 per cent blaming the government and the taxation service.

The poll showed that only 7 per cent had investments in MMM, while 46 per cent had shares in other companies - probably as a result of the widespread distribution of shares during the first stage of the privatisation process. Less than 2 per cent of shareholders, even MMM shareholders, said they would contemplate protest action against the government if the company went bankrupt.

However, in other questions, over a quarter of those polled said the affair threatened the interests of many Russians and over one third were concerned about the security and stability of privatised companies in general.

The newspapers have largely reflected an anti-government tone in the affair, with Nizhnevskaya Gazeta, its sharpest critic, weighing in at the weekend with a headline which read "Mr Mavrodi had acted in the same way as Chubais [the privatisation minister] but with more 'fals'". It quoted Mr Chubais saying that other shareholders in privatised companies were now an irresistible political force, and contrasted this with Mr Mavrodi saying his shareholders were now also an irresistible mass which could bring down any government which gained it.

By contrast, the more supportive Sverdlovsk pointed out on Saturday that MMM followed the Soviet habit of devaluing its currency without warning and that "it had solved its problems in the easiest way for it - by dropping the price of its shares to nearly nothing".

the Chechen opposition to stage a coup.

Mr Umar Avturkhanov, head of the opposition Temporary Council for Chechnya, was given prime time on Commonwealth TV on Saturday night to claim that the Council was the rightful government of Chechnya - a broadcast which would not have been seen in Chechnya itself because of the republic's decision to jam Central TV programmes.

Mr Avturkhanov said neither he nor Russia wanted intervention by armed forces from outside the republic - but "The Russian authorities should accept our request [for recognition]... as the highest organ of power in the republic".

Mr Sergei Filatov, chief of staff for President Boris Yeltsin, accused General Dzhokhar Dudayev, the Chechen president, of heaping his opponents and putting the severed heads on display. Ekonomika.ru, a Pravda said that on Saturday three opposition activists were beheaded and their heads set up on poles in the main square of the republic's capital, Grozny.

The opposition broadcast and Mr Filatov's comments came after the official news agency Tass published a statement from the government on Friday describing Gen Dudayev's rule as illegitimate and promising that the Russian authorities would intervene to ensure the rule of law and the protection of its citizens.

That in turn followed the latest hostage incident at Mineralnye Vody, close to Chechnya in the North Caucasus - where for the fourth time hostages were seized and a ransom demanded by a gang mainly composed of Chechens. In the previous incidents the gangs have

escaped only to be apprehended in Chechnya: in the last case, special forces stormed the getaway helicopter while still on the ground at Mineralnye Vody with the loss of five lives.

Chechnya, which declared independence in 1992 and has since defied all efforts by Russia to bring it within the fold of the Russian Federation, is widely seen in Russia as a state run by and for criminal gangs who prey off Russian cities, especially Moscow and St Petersburg. Its gang warfare has spread as far as Britain - where two Chechens were found murdered in a London flat last year - and the country is believed to be a conduit for drugs from the Caucasus and Central Asia.

Gloomy prospect from Bosnia 'contact group' discussions

Geneva talks stave off war in ex-Yugoslavia - for a while

By Bruce Clark

The spectre of war spreading through former Yugoslavia has been staved off, but only a small amount of time, perhaps just a few weeks, has been gained. That was the gloomy prospect to emerge from the weekend's talks in Geneva among the five-nation "contact group" on Bosnia.

Foreign ministers from the US, Russia, the UK, France and Germany, plus Greece as the outgoing chairman of the European Union, met to select a mix of carrots and sticks to drive on their peace initiative, slow to move forward since its birth last month. They were also keen to prevent the Balkan conflict from poisoning their relations with one another.

The plan would in effect divide Bosnia between the Serbs and a Moslem-Croat alliance, with the Serbs cutting their share of territory from 70 to 40 per cent. Faced with a "yes" from Bosnia's Moslem leaders and a virtual "no" from the Bosnian Serbs, the ministers agreed on a gradual escalation of pressure, while keeping the door open.

They pledged to reinforce and broaden the flagging regime of sanctions against the Yugoslav republic (which now consists of Serbia and Montenegro) and also to police more strictly Bosnia's exclusion zones designed to protect Moslems.

A new resolution on sanctions could be presented to the Security Council within a week, and by the end of this month, Nato should have devised a way to use more air power against the Serbs without leaving UN's ground troops too vulnerable.

As part of the attempt to reinforce sanctions, the ministers pledged to approach Serbia's neighbours and offer financial compensation in return for policing borders more tightly.

The US delegation, led by the secretary of state, Mr Warren Christopher, came away from Geneva frustrated because of the mildness of the proposed action against the Serbs.

In a bow to congressional pressure for a unilateral US move to permit arms supplies to the Moslems, Mr Christopher said: "We are not prepared to see this process strung out indefinitely. We cannot continue this situation where the victims are punished by the arms embargo and are denied the right to defend themselves."

Mr Andrei Kozyrev, the Russian foreign minister, retorted that "hot-heads" in the Moscow parliament would respond to any unilateral US move by pulling out of economic sanctions against the Serbs.

It was clear in Geneva that Russia feels no enthusiasm whatsoever for the idea of intensifying economic pressure on Serb leaders in Belgrade, who are viewed in Moscow as a helpful influence on their kinsmen in Bosnia.

Mr Kozyrev did grudgingly sign up to the principle of tightening existing sanctions and exclusion zones; but he saw it as a necessary price for damping US zeal for the idea of allowing arms supplies to the Moslems.

The Russian minister views the "arm-the-Moslems" slogan with unmitigated dismay, and this alarm is broadly shared by the governments of Britain and France.

All three governments made it clear they would withdraw their troops, which form the mainstay of the UN's peacekeeping and humanitarian operation, in the event of conflict reigniting and spreading.

Yet Mr Kozyrev was aware of the desperate need to induce change its territorial proposals, but in principle the parties could do so by mutual agreement, they point out.

Because the contact group's map was presented on a "take-it-or-leave-it" basis, there seems to be little room for the Serbs to modify their position and parry international anger - except through outright acceptance.

Yet senior UK officials did see some scope for further negotiations at the margins of the plan. The contact group will not wriggling out of its own commitment.

So the danger of an intensified war, which could spread northwards to Croatia and possibly southwards, to pit Slavs against Albanians, will not go away. This danger seems to weigh more heavily on European governments than in Washington.

Where US politicians cling tenaciously to belief in "righting wrongs", the foreign ministries of Europe have taken a more cautious attitude which stresses the need to limit damage and avoid further bloodshed.

The Geneva meeting threw up repeated examples of a contrast in approaches between the US on one hand and all the Europeans - British, French and Russian - on the other. The European countries were at pains to stress the fragility of recent achievements, including the relative normalisation of life in Sarajevo and central Bosnia.

All these achievements, they have pointed out, would be scuppered in the event of a general conflagration with Russia supporting one side and the US the other.

Mr Andrei Kozyrev and Mr Douglas Hurd, the UK foreign secretary, both made the point that disagreements over Bosnia among the big powers have had some disastrous consequences in the past.

This, they implied, was a reason why the powers involved in Bosnian peace-broking should struggle to overcome their differences of approach, and to prevent these differences from poisoning their broader relationship.

"This century has many examples of what happens when other countries disagree about the Balkans," said Mr Hurd, referring to the start of the first world war 80 years ago after an assassination in Sarajevo.

Mr Kozyrev, and his Greek counterpart, Mr Karolos Papoulias, stressed that they viewed some softening in the Serb position as both desirable and possible.

Yet even in the unlikely event of the Serbs coming round to virtual acceptance of the plan, the Bosnian government is likely - to judge from the statements of Moslem commanders - to seek ways of

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Poles mourn dead of 1944 Warsaw Uprising

Poles paid tribute yesterday to the 200,000 victims of the 1944 Warsaw Uprising against Nazi occupation when they commemorated the 50th anniversary of one of the bloodiest battles of the second world war.

Red and white Polish flags lined streets as masses were held and prayers were said in the Warsaw synagogue before today's main ceremonies which will be attended by German President Roman Herzog, US Vice-President Al Gore, British Prime Minister John Major and a Russian presidential aide.

The German and Russian presence has angered some veterans because of the Nazi brutality during the uprising and Moscow's failure to come to their aid. But President Herzog and Polish President Lech Walesa have said it is now time for reconciliation.

"We Germans and Poles must find some way of putting our relations in order. Otherwise a wound will still divide Europe across its centre," Mr Herzog said in an interview with Polish television broadcast on Saturday night.

The uprising began on August 1, 1944, and ended in capitulation the following October 2 after weeks of bombardment and hunger. By the time the Soviet army entered Warsaw on January 17, 1945, few buildings were left standing.

on charges of corruption in the building of the capital's metro railway.

In another development, judicial sources said an aide to Mr Antonio Di Pietro, the country's best-known anti-corruption magistrate, was arrested at the weekend as part of Mr Di Pietro's latest inquiries.

Mr Giuliano Montanari, a finance police officer, was detained as part of an investigation into bribes paid by businessmen to the force in return for easy treatment, the sources said.

Fininvest, founded in 1978, has an ownership structure geared to limit tax liability. Through 22 "box" companies, the family owns 51 per cent of Fininvest directly and the remainder through two fiduciaries, Servizio Italia and Saf, set up by the Socialist-controlled BNL bank.

Mr Berlusconi has never said how much he personally owns of the empire he founded, or what links remain between Fininvest and the construction and newspaper interests hived off to his younger brother, Paolo, in 1992 for anti-trust reasons.

Exactly how Berlusconi is distancing himself from, even if they take his word that he is the owner.

cal" burden on the commission. President Scalfaro is believed to have voiced such a concern.

In saying he is willing to distance himself from Fininvest, Mr Berlusconi has ruled out the idea of placing his share of the business in a trust or foundation for his five children. The tax on such an operation would reportedly be punitive. But even on Friday he still refused to give details on the proprietary shares held by different members of the family.

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Mr Berlusconi has never said how much he personally owns of the empire he founded, or what links remain between Fininvest and the construction and newspaper interests hived off to his younger brother, Paolo, in 1992 for anti-trust reasons.

Exactly how Berlusconi is distancing himself from, even if they take his word that he is the owner.

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مكتبة الأمل

Rabin urges Syria to make peace move

By Mark Nicholson in Cairo and Julian O'Connell in Jerusalem

Mr Yitzhak Rabin, the Israeli prime minister, yesterday urged Syria to make the next moves towards peace in the Middle East, renewing his calls for direct negotiations with the Syrian leadership and for a public gesture to persuade the Israeli public that Damascus was serious about reaching a settlement.

His remarks followed a summit in the Egyptian resort of Taba with Mr Hosni Mubarak, the Egyptian president, who recently returned from talks in Damascus with Mr Hafez al-Assad, the Syrian leader.

Senior Egyptian officials have recently played down Cairo's role in the Syrian-Israeli track of the peace talks, saying it would be "detrimental" to open too many channels of negotiation.

The sole forum for talks between the sides at present is the energetic shuttle diplomacy of Mr Warren Christopher, US secretary of state, who is due back to the region on August 8.

Talks between Syria and Israel have remained locked over the issue of the Golan Heights, from which Syria is seeking a full military withdrawal. Israel in turn wants Syria to open full trade and diplomatic relations.

Mr Mubarak told reporters that Syria would "never accept any peace treaty unless there is total withdrawal from the Golan Heights", repeating Mr Assad's crucial position in the talks with Israel. However, the Egyptian president also said that he believed Mr Assad would prove "much more flexible" during Mr Christopher's next visit, though he declined to elaborate.

Mr Rabin, who had come to "exchange perceptions" with Mr Mubarak, according to Israeli officials, reiterated his frustration at Syria's unwillingness to meet Israelis directly and renewed his call for high-level talks.

He said he understood that Israel would have to satisfy "a few requirements" to reach peace but said that the Israeli



Rabin, left, and Mubarak meet in Taba yesterday

people first required a clear signal of Syria's peaceable intent, and that he could not discuss the extent of an Israeli withdrawal from the Golan Heights until "I know what I get in return".

He said: "Syria has to do something in its public diplomacy, its public utterances that will bring the Israeli public to be convinced that Syria is eager to have a peace."

The two leaders said they also discussed the highly sensitive issue of Jerusalem - a matter which was also central to talks Mr Mubarak held with King Fahd, the Saudi Arabian leader, during a weekend trip to the Kingdom.

Both leaders emphasised that the final status of Jerusalem would be addressed only in permanent status talks with the Palestine Liberation Organisation, which are due to begin in no later than two years. Mr Rabin stressed that the recent acknowledgement of the special guardianship of King Hussein of Jordan over Jerusalem - a matter deeply controversial with both the Palestinians and some other Arab states - had

not changed arrangements in the city which had existed for the past 27 years.

Meanwhile, thousands of south Lebanese left their homes yesterday fearing an Israeli strike against Hezbollah targets in retaliation for the recent spate of anti-Jewish bombings.

Officials with Unifil, the United Nations observer force in the south, said as many as 15,000 people - around 5 per cent of the population - had left during the past week but said life continued largely as normal for those who had stayed.

In Beirut, pro-Iranian Islamic militants said they would "bombard settlements" in northern Israel if the Jewish state launched retaliatory attacks in the south.

This week marks the first anniversary of "operation accountability" during which Israel bombarded south Lebanon for a week in retaliation for Hezbollah rocket attacks into north Israel. More than 120 people died in the bombardment and 800,000 south Lebanese fled their homes.

UN reinforcements may not arrive before deadline for France's withdrawal French may delay Rwanda pullout

By Leslie Crawford in Nairobi and agencies

Mr Edouard Balladur, the French prime minister, yesterday hinted he might postpone the departure of some 2,000 French peacekeeping troops in south-western Rwanda if the safety of civilians were at risk.

Aid agencies have been urging the French to stay beyond the expiry of their UN mandate on August 23 to prevent another mass exodus of Hutu refugees into Zaire.

Mr Balladur, who was on a visit to Goma, in Zaire, to inspect the pullout of troops, said: "If we felt our action [withdrawing] could make the situation more fragile and cause new unrest, a new exodus, that would certainly weigh upon our decision." He was speaking after touring the civilian safe

havens created by France's Operation Turquoise in Rwanda.

The Tutsi-led Rwandan Patriotic Front, which took power in Rwanda two weeks ago, claims sovereignty over the French-controlled territory but has avoided entering the area so as not to sow panic among the 2m Hutus who have sought sanctuary in the French zone. The RPF has, however, asked the French forces to disarm Hutu militia and former government soldiers who have taken refuge behind French lines.

South-western Rwanda was the scene of some of the worst massacres perpetrated by Hutu extremists against the minority Tutsi community. Fewer than 12,000 Tutsis survive in an area where more than 100,000 once lived.

UN officials believe reinforcements from other countries are unlikely to arrive in time to replace the French by

the August 23 deadline. "Rwanda may suffer another humanitarian catastrophe unless the international community can pull itself together in the next few days," Mr Peter Hansen, UN under-secretary general for humanitarian affairs, said in Nairobi. He said the response of western countries to a UN appeal for an enlarged peacekeeping operation in Rwanda had been "pathetic".

Goma was chosen as the main base for France's Operation Turquoise but the intervention has been eclipsed by the needs of 1.2m Hutus who invaded the border town following the RPF victory in Rwanda. Mr Balladur emphasised that France would leave logistics units in Goma to support the relief operation for the refugees.

Mr William Perry, the US defence secretary, made a separate visit to

Goma yesterday to step up US assistance to hundreds of thousands of Rwandan refugees at risk from cholera, dysentery and starvation. He inspected a US water purification plant on the shores of Lake Kivu, which is only operating at half capacity because there are not enough tankers available to deliver clean water to the camps. Mr Perry also visited Kigali, the Rwandan capital, where US troops are set to start a round-the-clock airlift for the Rwandan refugees.

"We should be able to move more than double the flow almost immediately of supplies into Goma by using the Kigali airport," he said. He is expected to report on the aid effort to President Bill Clinton, who asked Congress on Friday to provide an additional \$320m (\$306m) for Rwanda's humanitarian crisis.

RPF keen to establish credentials

Rwanda's rulers must rebut claims they are a foreign occupation force, writes Leslie Crawford

English phrase books are much in demand in francophone Rwanda these days as job prospects with the new government may hinge on whether the candidates masters the language of the country's new rulers, the Rwandan Patriotic Front.

Because the RPF recruited extensively among Tutsi exiles living in Uganda to launch the guerrilla war that brought it to power, it has been easy for the ousted Hutu regime to portray the RPF as a foreign occupation force.

Gen Paul Kagame, the RPF's military commander, speaks no French, and cabinet meetings are reported to be held in English for his benefit.

The language barrier is only one of many difficulties facing a two-week-old government desperate to establish its legitimacy, both at home and abroad. Despite the presence of Hutus in prominent posts, and a discourse of national unity, Rwanda's new leaders have not been able to dispel fears among the majority Hutu population that they will run a government by and for Tutsis, in a throwback to Rwanda's feudal past.

But the international community, which watched the genocide of Rwanda's Tutsi population in silence, is now eager to help without asking too many questions of the new

regime. The UN has launched a \$45m (\$280m) appeal to assist Rwanda's reconstruction and alleviate the plight of 2.5m Hutu refugees who fled in fear of RPF reprisals.

The US is set to launch a round-the-clock airlift operation to bring food, medicines and water to the cholera-ridden refugee camps in Goma, Zaire. Britain has volunteered to repair Rwanda's war-damaged

roads and bridges. Germany has offered to donate fully equipped radio stations to enable the RPF-led government to broadcast its message of reconciliation to the masses huddled outside its borders.

The RPF knows that unless it can convince the Hutu population to return, its chances of restoring stability to Rwanda are slim.

No one is more aware of this than the defeated soldiers and militia of the former Hutu regime, who are threatening to kill anyone who dares leave Zaire's hellish refugee camps. UN relief officials are increasingly uncomfortable with the presence of mass murderers among the refugees they are trying to help.

"Unless the international community takes steps to bring those responsible to justice, we will be accessories to their crimes," says one frustrated aid official. According to confidential UN reports, Hutu extremists have also taken control of Benaco camp in Tanzania.

The UN has appointed a special rapporteur on human rights to document abuses in Rwanda. But Mr Rene Degni-Segui is still waiting for the resources with which to carry out his job.

He has been allocated only one field officer to investigate the circumstances in which more than 500,000 people died. "We need investigative judges, forensic experts, ballistic

experts, military intelligence analysts, and prosecutors who have dealt with war crimes in the past," says Ms Karen Kanoy, the field officer. "If we don't address the issue of genocide, how can we ask the RPF to uphold international standards of justice?"

Already there are fears the new government may not be able to balance the demand for justice against the need to pro-

hibit their testimony. Hutus will not return.

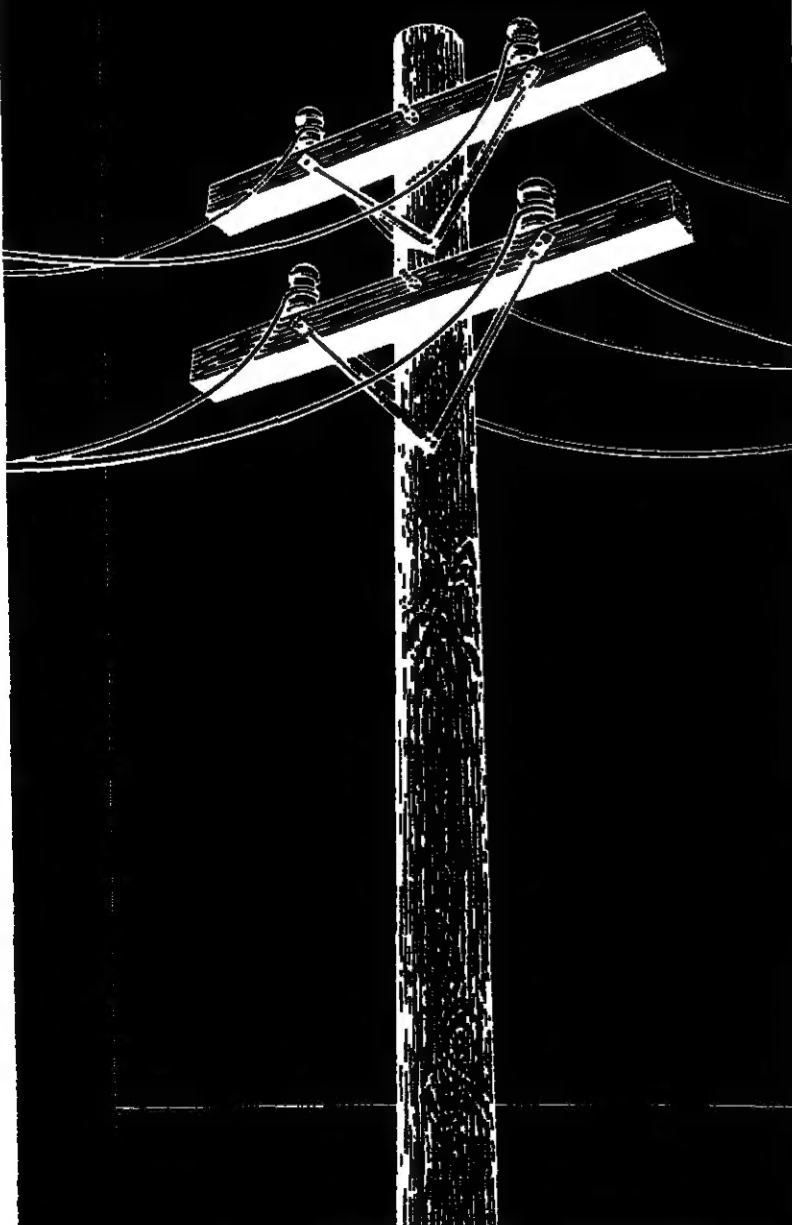
Mr Wallis believes fewer than 200,000 refugees will leave Zaire of their own accord. The majority will become permanent exiles, a hostile and destabilising force surrounding the new Rwanda.

The new government is ill-equipped to deliver services even to the few thousand refugees who have begun the return journey home. Cholera has taken hold in Kigali, and dysentery may soon follow. The capital has only one fully functional hospital, run by the International Committee for the Red Cross. Power, water and telecommunication services have not yet been restored.

"Rwanda has a government, but it does not yet have an administration," says Mr Peter Hansen, the UN under-secretary general for humanitarian affairs. Most ministries consist of the minister and three or four civil servants with little or no experience, he says.

The UN Development Programme is looking at how to put together a "government kit" which would give the RPF a working administration. Mr Charles Petrie of the UN Rwanda Emergency Office said: "We are planning to draft experts from all over Africa who know how to rebuild a country from scratch."

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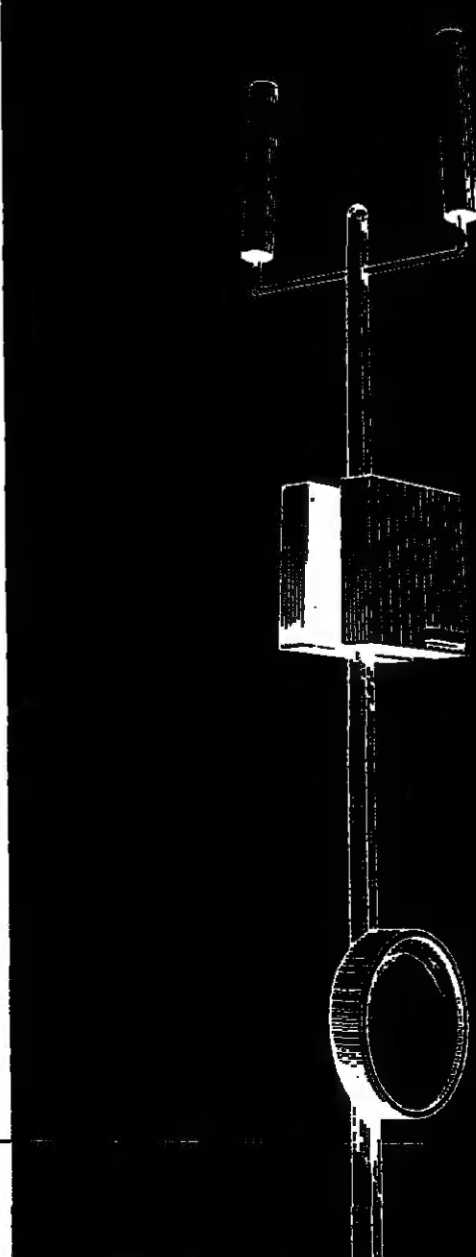
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HOW TO PROVIDE PHONE SERVICE IN WEEKS.



NEWS: INTERNATIONAL

Beijing to slash steel output

By Tony Walker in Beijing

China will slash steel production by 1.5m tonnes this year in an effort to bolster a sagging market. It is also squeezing imports, but is yet to announce details of new import quotas.

The official Business Daily reported that the government would also purchase rolled steel for its own reserves to reduce stockpiles.

Chinese steelmakers are facing a crisis, with demand faltering due to a cut in construction. Low-priced imports from Japan and South Korea are also posing problems.

China plans to produce 93m tonnes of steel this year which would make it the world's biggest producer. At the end of May, stockpiles of steel had risen to 4m tonnes, a 191 per cent increase over the same period last year. Imports of steel in the first six months reached 10.68m tonnes in spite of import curbs.

Talks between Japanese steel producers and a Chinese government import agency collapsed last week on the issue of price and export levels. The Japanese are threatening to export directly to Chinese consumers in defiance of restrictions.

US takes hard line on 'dumping'

Hopes raised by Uruguay Round may be dashed, writes Nancy Dunne

One achievement of the Uruguay Round was agreement on tighter restraints on dumping and countervailing duty laws - actions that have increasingly become weapons of choice for companies seeking protection from foreign imports. But countries that thought their products would get a fairer deal in the US, as a result, may have underestimated the resourcefulness of US trade lobbyists. A word here, a phrase there, inserted in the implementing legislation for the Uruguay Round, means that foreign steel exporters and other industries selling in the US market could still find themselves subject to "unfair trade" complaints and years of expensive litigation before winning market access for their products.

A senior Administration official last week insisted that the US would abide by the accord it signed in Marrakesh, setting the seal on the global trade liberalising measures agreed in the Uruguay Round negotiations within the framework of the General Agreement on Tariffs and Trade.

"Consistent with the Gatt agreement is the right to have effective anti-dumping and countervailing duty laws," the official added. Mr Gary Horlick, a Washington trade lawyer representing a large group of manufacturers, said that US exporters were worried about "anything the US does which increases the likelihood of trade barriers".

Such action, he said, "can and will be used by other countries against our exports - and the US government will not be able to defend us," he said.

A rewrite of the US trade rules to comply with Uruguay Round is drawing to a close. A House-Senate conference

committee soon will meet to resolve differences in the implementing legislation written in the House by the Ways and Means Committee and in the Senate by the Finance Committee. Then the entire implementing legislation will be on a "fast-track" for Congressional approval.

The US has doubled anti-dumping duties on imports of Mexican cement despite a Gatt panel ruling that the duties are illegal. Mexico told Gatt's anti-dumping committee last week.

The US has refused to accept the ruling, which dates from July 1982, writes Frances Williams in Geneva.

The independent panel said in its report that the procedures used by the US authorities to determine dumping in this case breached Gatt rules. The panel recommended that Mexican exporters should be refunded the anti-

approval. The Administration will send it back to Congress for a simple vote, with no amendment allowed.

Trade lawyers from both sides of the issue have been fighting tooth and nail for months.

Before the ink had dried on the Marrakesh accord, the Committee to Support US Trade Laws had sprung into being. "We do not intend to stand by passively and allow our market to be eroded by dumped, injurious imports at the expense of our workers and companies," said Mr Joseph Avenio, chairman of Specialty Tubing Group, and a member of the committee.

Mostly the committee sought to limit the "damage" inflicted on US trade law by pushing loopholes in the Gatt agreement - and beyond - their limits. There was even an attempt to get the

government to repay US petitioners for the cost of their legal fees out of dumping or countervailing duties collected.

On the other side, exporters and importers of steel, textiles and other products banded together to demand

dumping duties already paid. Instead, Mexico said the duties had twice been increased from their original level of 30.74 per cent to 61.85 per cent in May this year.

Urging adoption of the report, Mexico said there was currently a shortfall in domestic US cement production. This, and the consequent high prices, had prompted the National Association of Home Builders, representing 175,000 building companies in the US, to ask Mr Mickey Kantor, US trade representative, to repeal the duties.

that the Administration honour both the letter and spirit of Marrakesh - not incidentally because US companies have become the most frequent targets of foreign anti-dumping actions.

The Administration rebuffed the most protectionist proposals from Congress, but added some new ones of its own. Free traders were particularly outraged about defeat of a provision that would have allowed the waiver of anti-dumping and countervailing duties, for products in short supply.

In this case the Administration joined forces with the Committee to Support US Trade Laws because, according to a senior official, high duties do not prohibit supply - they simply make it cost more.

One provision in the implementing legislation likely to pass would allow

the imposition of countervailing duties to compensate for subsidies given to businesses - such as British Steel - even though they were later privatised and sold at market value.

Another provision provides a formula to determine the market share of foreign companies, which would increase the likelihood of the International Trade Commission ruling that a US company has been injured by dumping or subsidies.

The ProTrade Group, a group of exporters, says there are more than 24 violations of the Gatt pact in the implementing legislation. These are likely ultimately to be challenged under the new World Trade Organisation (to replace Gatt), and if the US is found in the wrong, it will have to either amend its law or pay compensation. That could mean one industry would have to pay for the protection granted another.

Mr James Currie, deputy chief of the European Union delegation, expressed concerns about protectionist tendencies in Congress.

"Some of the language going around at the moment would simply make it impossible for goods - and particularly steel - to get access and compete fairly in the US market," he said. But he is "relatively content" that the Clinton administration will try to do its best to resist Congressional pressure.

That the EU is not complaining more could be an indication that its own implementing legislation is by no means free of protectionist distortion, said one observer.

In the end, both the US and the EU could suffer as governments in the rest of the world demonstrate that, where protection is concerned, they can be just as creative.

Far East office space shortage forces blue chips into backrooms

Victor Mallet, Tony Walker and Andrew Taylor find rents are outstripping those in the west

An acute shortage of city office space in rapidly emerging Far Eastern economies has left international executives operating from converted rooms in Vietnamese hotels with less than exotic names, such as the Army Hotel or the Government Guest House.

More fortunate, or wealthier, executives are working from converted offices in houses or crumbling villas, dating back to the French colonial era, after installing electricity generators in the backyard.

Finding suitable premises to work and live in is just as hard in China where large numbers of executives have been forced to work from hotel rooms and town houses.

A study by international property consultants Richard Ellis showed that office rents in Beijing and Shanghai in China and Hanoi and Ho Chi Minh City in Vietnam are now higher than in London, Paris, New York and Frankfurt. Only Tokyo and Hong Kong have higher rents.

In Beijing and Shanghai, office rents have soared by 30 per cent in the past six months as a result of the accommodation shortage.

Ellis, which itself is working from converted offices in the Beijing Toronto hotel in China's capital, says the pace of

development in emerging economies has been too slow to satisfy the high growth in demand from international companies. Mr Toby Anstruther, Vietnam representative of property consultants Brooke Hillier Parker, says: "You have Fortune 500 companies working out of chop houses. IBM is sharing an office with a local Vietnamese company in a house."

The best villas in Saigon, part of the Ho Chi Minh City, have been rented by the big Japanese trading companies, which began operating in Vietnam several years before the arrival of most of their western competitors. Developers are building furiously to catch up. In Ho Chi Minh City, one block constructed by a Taiwanese developer is already open, and two others are about to be completed by Hong Kong companies.

Rents are expected to range from about \$40 (£25.80) per square metre per month to \$55 for high-quality offices - almost two thirds more than equivalent rents in mid-town New York.

Companies and individuals in Shanghai, China's main financial centre, are expected

to pay a month's rent in advance just to appear on long waiting lists for offices and apartments, says Mr Terry Merrifield, a senior executive of Seaciff which manages the Shanghai Centre, a large hotel and office complex in demand from international companies.

When the centre opened in 1990, office rents were in the "high \$30s", about one-third the present rate. A dozen organisations are currently on the waiting list for offices with about 50 individuals waiting for apartments which cost \$6,000 per month.

Because of the housing shortage, some organisations were delaying sending the families of employees to Shanghai. Companies also had deferred moves to the city until the accommodation shortage eased, said Mr Merrifield.

Offices were expected to remain in short supply until 1997, by when "the pendulum should be swinging in the other direction". The situation is only slightly easier in Beijing where there are also long waiting lists for office buildings, such as the China World tower attached to the China World hotel.

Office space at China World costs about \$85 per sq m. Reasonable accommodation, however, can be acquired for about



\$60 per sq m per month according to Mr Tom Whitten, representative in Beijing of the China-Britain Trade Group (CBTG) an organisation to promote Sino-British trade. He says companies seeking to establish a presence in China should "come early, put names on waiting and be prepared for a sizeable wait in a hotel."

Hotel accommodation costs about \$100 a day in Beijing. CBTG as an interim measure offers a desk and a phone to members. There are other places in Beijing such as the Regus centre at the Kempinski

hotel which provides short-term office space with secretarial services.

Apartment rents in Beijing range between \$5,000 and \$10,000 but there have been large rent increases in the past year as demand has risen fuelled by China's economic boom. It is a familiar story in many rapidly growing Asian business centres.

Cities in south-east Asia accounted for eight out of the 11 most expensive office locations according to the Richard Ellis study which compared accommodation costs in 45 business centres.

US finds big money in the airwaves

By Jeremy Kahn in Washington

The US government netted over \$617m (\$268m) last week in the Federal Communications Commission's first auction of the airwaves.

The Federal Communications Commission previously gave away radio band licences through lotteries or hearings. However, last year it was given congressional approval to auction exclusive rights to a range of new frequencies for paging, telephone and voice and data communication systems.

First under the hammer were a set of 10 nationwide licences for personal communications services, or "narrow band services" including advanced paging and wireless data transmission systems. Paging Network of Virginia was among the biggest winners at the end of bidding on Friday after five days and 47 rounds.

It yielded 26 competitors to acquire three licences - the maximum permitted for single ownership - bidding \$90m for each of two frequencies allowing the greatest capabilities and \$37m for a smaller band. Capability is determined by band width.

KDM Messaging Company - backed mainly by US cellular giant McGraw Cellular Communications - bought two of the five biggest bands at \$90m each while Nationwide Wireless Network grabbed one at the same price and another for \$47m.

INTERNATIONAL PRESS REVIEW

Thais do their best to embarrass Asean visitors

THAILAND
By Victor Mallet

Thailand's liberal newspapers have excelled themselves in their efforts to embarrass the now not-so-liberal Thai government, which was host to the annual meeting of the Association of South-East Asian Nations (Asean) in Bangkok over the past two weeks.

Visiting foreign ministers from Indonesia and Burma were greeted with hundreds of column-inches about Indonesian brutality in East Timor, Burmese military cruelty and editorials scoffing at the notion, put about by authoritarian Asian governments, that human rights and democracy are inappropriate for Asia.

Thai commentators were inspired by two events: Thailand invited Mr Oon Gyaw, foreign minister of the Burmese junta, to the Asean meeting, an honour which some editorial writers felt was scarcely deserved; and the Thai authorities made banistered attempts to stop an insignificant human rights conference, deporting three foreigners and harassing the participants because they wanted to discuss Burma and



Japan's foreign minister, Yobei Kono (left), performs a Mexican dance at a dinner during the conference. More serious issues were also highlighted in the press

East Timor. Thailand, said *The Nation* in an editorial, was foolishly giving in to the "bully-boy tactics" of Indonesia in the name of Asean solidarity.

"It is high time that the regional grouping reviewed its

concept of 'solidarity,'" said *The Nation*. "The events of the past three months clearly show that Indonesia is using Asean as its platform to impose authoritarian values over members which have different political systems."

During the May 1992 crisis, in which Thai troops killed 50 demonstrators on the streets of Bangkok, *The Nation*, an English-language newspaper, openly opposed the Thai armed forces and supported pro-democracy activists. Its support

helped bring the present democratic government of Mr Chuan Leekpai to power, and the paper believes it has the right to express disappointment at his performance.

Mr Chuan, the newspaper said in another editorial, now seemed to think it more important for Thailand to have good relations with Indonesia than to care about human rights.

On the subject of bullying, Mr Ali Alatas, the Indonesian foreign minister, in an interview with the *Bangkok Post*, the other leading English-language daily, said Indonesia was not a bully - it had simply informed Thailand about the plans of some East Timor activists and had explained how offended Indonesia would be if nothing was done to stop them.

While English-language newspapers in Thailand represent the views of liberal academics and businessmen - half the readers are Thais - and take a close interest in international affairs, the Thai-language press tends to be more concerned by the shenanigans of Thai politicians and local crime stories.

Over the last two weeks the Thai papers have concentrated

on the fate of two politicians: one accused of international drug smuggling; the other, suspected of buying votes by giving cash to Buddhist temples.

A Bangkok Post survey of ordinary people on the streets of the capital suggested that the Thai papers were right to think their readers would not be interested in the dry affairs of Asean. "Asean? Is it a sports event? It sounds familiar," said Mr Semsak In-jan, a 50-year-old shop assistant.

But the dispute over human rights prompted by the Asean meeting did generate heated debate in the Thai papers.

Siam Rath (Siam Nation) and *Nesew Na* (Frontline) both supported the Thai government's crackdown on dissidents. "Thailand should not allow outsiders to use the country as a venue for criticising neighbouring states, because the national interest should have top priority," *Siam Rath* said in an editorial.

Liberal commentators rejected this sort of nationalism, declaring that national pride meant standing up for what you believe in rather than allowing your policies to be dictated by the sensitivities of other governments.

INTERNATIONAL NEWS DIGEST

China to rein in borrowing as foreign debt rises

China is to clamp down on foreign borrowings to avoid debt service problems, following a central bank survey that found foreign debt would rise to \$100bn (\$84.5bn) by the end of the year. The official Xinhua news agency yesterday quoted an official of the State Administration of Foreign Exchange Control (Safec) as saying it was "time for China to limit its foreign borrowing and use as much direct overseas investment as possible".

Safec announced last month that China's foreign debt at the end of 1993 had risen to \$83.5bn. Its debt-service ratio was 7.7 per cent. China will pay \$20bn this year in principal and interest to service its foreign debt. Safec estimates the "debt repayment peak" will last for another 3-4 years.

Mr Tang Shuang, a senior Safec economist, said foreign debt had "expanded a bit too fast" in recent years. "It really deserves our attention that growth of external debt has outpaced that of the national economy," he said. China announced recently that its foreign exchange reserves rose 50 per cent during the first half of the year to \$31.5bn. Slower growth in imports contributed to the improvement in China's reserves. Tony Walker, Beijing

Philosopher heads party

Mr Rocco Buttiglione, the philosopher admired by Pope John Paul II, has become the new leader of Italy's Popular party (PP), heir to the long-ruling Christian Democrats whose party was dissolved in January. He was elected in a bitterly contested run-off against Mr Nicola Mancino, the former interior minister, winning 55 per cent of the votes at the end of a special congress late on Friday. Mr Buttiglione, aged 46, has been in active politics for only a year and made his reputation with his philosophical writings about the relationship between Christianity and Marxism. His victory represents a defeat for the left wing of the party. Mr Buttiglione was one of those who argued the PPI should consider an alliance with Mr Silvio Berlusconi's Forza Italia after the March general elections. But with the Berlusconi government now weakened, he is unlikely to be so keen.

Mr Buttiglione's task will be to forge a new identity for the PPI, which was born from the demoralising collapse of the discredited Christian Democrats. Mr Mino Martinazzoli, who engineered the transition from the old to the new party, resigned in April after the PPI had been squeezed between the left and right in the elections. Robert Graham, Rome

Delors strong in French poll

Mr Jacques Delors, outgoing president of the European Commission and leading Socialist contender in the French presidential race, could beat Mr Jacques Chirac, the centre-right leader and mayor of Paris, in next year's presidential elections, but would lose to Mr Edouard Balladur, prime minister, according to the latest opinion poll.

The poll commissioned from the IFOP research consultancy for yesterday's *Journal du Dimanche* newspaper, puts Mr Balladur in first place in the presidential stakes, with the support of 17 per cent of the public, followed by Mr Delors with 14 per cent and Mr Chirac with 11 per cent. Mr Bernard Tapie, the beleaguered left-winger whose furniture last week was confiscated by his bank, has held on to fourth place although the flood of publicity over his financial problems now seems to be affecting his popularity. Support for Mr Tapie has fallen to 7 per cent from 10 per cent over the past month, according to the poll. Alice Roasthorpe, Paris

Accord on Black Sea fleet

The presidents of Russia and Ukraine yesterday said they planned to sign a new agreement on the Black Sea fleet which would settle its disputed future. "We are determined to conclude talks on the Black Sea fleet as soon as possible and to sign an agreement which will fully meet the interests of the fraternal Russian and Ukrainian nations," said Mr Boris Yeltsin and Ukraine's newly elected Mr Leonid Kuchma in a joint statement reported by *Inter-Tass* news agency.

The row over ownership of the 800-vehicle fleet is one of several that have troubled relations between Russia and Ukraine since break-up of the Soviet Union in 1991. Mr Yeltsin told Mr Kuchma soon after his victory over President Leonid Kravchuk that he hoped his election would lead to an improvement in ties between Moscow and Kiev. Mr Kuchma said during his campaign Russia should be granted a lease on the Sevastopol naval base in the Crimea. *Reuter, Moscow*

Carbon emissions show decline

World emissions of carbon dioxide from energy use, thought to be the main cause of global warming, have begun to show a slight decline, according to the London-based World Energy Council. In a report to be published shortly, WEC says that CO₂ emissions were equivalent to 6.08bn tonnes of carbon last year, down from 6.105bn in 1992. The fall was due mainly to a sharp decline of 248m tonnes in emissions from the former communist countries of eastern Europe. This more than offset the increase of 162m tonnes in emissions from the fast growing Asia-Pacific region.

Emissions were also up in North America, the Middle East and Africa. But they were down in western Europe, mainly because of reduced coal consumption in Germany, the UK and Italy. The WEC says the declines in Europe may be temporary because the continent is moving out of recession. Nevertheless, the figures "reinforce the view that increases in carbon dioxide have been partly reversed, and atmospheric concentration increases have recently slowed down". The report says the Asia-Pacific region will have to be the focus of future efforts to reduce emissions. David Lascelles, London

Swiss braced for scandals

Law-abiding Swiss are bracing themselves for further news of corruption. Mr Hansrudi Müller, the Zurich prosecutor, said in an interview in the Sunday newspaper *Sonntags Zeitung* that he was "almost certain" at least one more case would be uncovered this year. Two new cases of public sector wrongdoing emerged last week. Five Swiss government internal auditors are under investigation on suspicion of taking money in return for favours to government suppliers.

Meanwhile, three Zurich motor vehicle bureau officers are under arrest for having taken small bribes to issue incomplete vehicle registration papers. These papers enabled the recipients to falsify documents on used cars exported to Africa. Two weeks ago, formal charges were laid against eight people, including a prominent magazine publisher, for allegedly bribing Mr Raphael Huber, Zurich canton's former restaurant and bar inspector. Two weeks ago, the head of a corruption ring in Fribourg who had bribed the canton's finance director and police chief was sentenced to 37 months' jail. *Jan Rodger, Zurich*

Yemeni victors confident

The Yemeni government yesterday denied talks held in Geneva last week with its defeated southern rivals had any official status, saying the meeting was only to clarify its own position with the UN. But UN sources said the two sides met in a good atmosphere and agreed to further talks. Yemeni officials on Saturday said their negotiators had gone to the talks to underline earlier demands for the UN to end its efforts at mediation since the country's civil war was over. They insisted any further talks be held in Yemen without outside involvement. Mr Lakhdar Brahimi, the UN mediator, last week said Thursday's meeting ended with both sides agreeing to pursue further dialogue. Yemen's civil war erupted in April. Since their defeat, exiled southern leaders have used the threat of guerrilla warfare to obtain outside mediation in ending their dispute with the north. But the north, confident in its military victory over the south, has resisted external pressure for a negotiated settlement. *Eric Watkins*

July 1994

Bank of England warns on investment

By Gillian Tett,
Economics Staff

The long-running debate about the "short-term" nature of British corporate sector was revived again this weekend, after the Bank of England reiterated its warnings that investment could be undermined by the high rates of return that companies are demanding on projects.

The warning, in the Bank's quarterly bulletin, follows a Confederation of British Industry report last week, which found that most companies had not adjusted their investment assessments to take account of the recent trend of low inflation.

The Bank's own report, which is based on an informal survey of 250 companies conducted in March, adds further weight to the CBI findings. It notes that over 70 per cent of firms questioned had not reduced their target rates of return, while only 25 per cent of companies had revised their investment appraisal techniques to take account of low inflation.

The main reason for this, the report says, is that most companies argued that investment decisions were affected by longer term considerations, and saw "little reason yet to adjust their longer-term expectations of inflation.

UK industrial and commercial companies are considerably more profitable now than at the equivalent stage in the previous economic recovery, writes Philip Gawth.

A Bank of England study has found that pre-tax return on capital in the non-North Sea sector was 9.5 per cent in the first quarter of 1994. That was almost double that at the equivalent stage in the previous recovery of 1982-4, and compares to a trough of 6.5 per cent in the first quarter of 1992.

The study - by Mr Kieren Wright of the Bank's Structural Economic Analysis Division - found that differences in profit-

rates and the cost of capital. These findings have prompted Mr Eddie George, governor of the Bank of England, to warn that companies are missing profitable investment opportunities by continuing to demand high rates of return - a view disputed by many companies and analysts themselves, who argue that high rates of return are not the only factor holding back investment.

However, Mr Andrew Wardlow, head of the Bank's structural assessment and projections division, and author of the report, stresses a more cautious line. Although companies' slowness to adjust their

ability, investment and financial decisions, could partly be attributed to the relative shallowness of the recent recession.

Retained earnings increased by over a third in 1993 when firms made net repayments of debt to banks equivalent to 1.5 per cent of GDP. In 1992, the comparable year in the previous cycle, companies made net borrowings of 2.4 per cent.

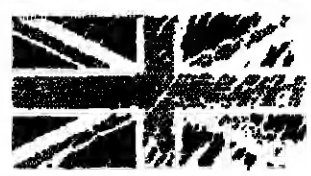
The study also found that firms are increasingly using the capital markets as a source of finance. Gross capital issues by industrial and commercial companies rose by 51 per cent to £23.9bn in 1993, representing 30.3 per cent of total funding.

investment criterion may undermine investment in the future, it may not have been critical to investment when the survey was conducted in March, Mr Wardlow says.

"A further period of monetary stability may be needed before a more fundamental adjustment in behaviour becomes widespread," he says.

The nominal rate of return on projects that companies are currently demanding - around 20 per cent according to the Bank's survey - was not previously unreasonable given that producer price inflation was running at an average of 9.5 per cent between 1970 and 1990, the report notes.

Britain in brief



Excise duty on alcohol 'must be cut'

Britain must cut excise duties to the same levels as France in order to prevent the cross-Channel bootlegging of alcohol, says a report by the consultancy London Economics.

Legitimate cross-Channel trade in alcohol is costing Britain £300m-£400m a year, it says. Illegal trade results in further losses. An average bottle of wine costs 69 per cent more in Britain than France, while a case of beer costs 123 per cent more.

As well as hitting revenue, the trade also limits government efforts to discourage alcohol abuse by raising prices. In other countries with such differentials, the high-tax country eventually had to cut rates, for example Denmark and Germany, the Irish republic and Northern Ireland, and Canada and the US.

Cash offered not to strike

Some railway signalling staff have been offered one-off

payments of between £750 and £800 to work during this week's 24-hour rail strike planned to run from noon on Wednesday.

The RMT transport union said local managers had made the offer to individual signallers on instructions from Railtrack, the state-owned company responsible for running the network. Railtrack denied that the company had authorised the offer, but said managers in the south-west had taken their own initiative.

Mr Jimmy Knapp, RMT general secretary, said: "I thought I could no longer be astonished by the antics of Railtrack in this dispute but this must take the prize for stupidity. Railtrack is offering individuals £800 to try and break the strike when putting the money on the negotiating table will go a long way to resolving the dispute."

Student loan funding review

The government is considering privatising the Student Loans Company in response to the prospect of a further Treasury squeeze on funding for higher education. Ministers are considering outright privatisation, probably via a sale to a group of banks or, more probably, the securitisation of the company's debt. Both would be designed to cut

dramatically the up-front cost of the loan operation, which on present plans will rise to £688m next year and £900m in 1996-97.



The Royal Viking Sun cruise ship, bought by Cunard in July for £113m, leaves London. An increase in vessels using the ports of Tilbury and London from 44 in 1991 to 102 so far this year has been attributed to D-Day commemorations, investment in moorings and the Tilbury cruise ship terminal.

Blair considers M&S offer

Mr Tony Blair, new Labour leader, has cautiously welcomed an invitation from Sir Richard Greenbury, chairman of Marks and Spencer, to discuss whether the retail chain could give financial backing to the Labour party.

The retailer had invited Mr Blair's predecessors to discuss

policy and the prospect of financial backing, but they declined because of the likelihood that the party would be asked to alter policy to suit cash donors. There are indications that Mr Blair, who has spearheaded a drive to modernise Labour, could break with previous practice.

In 1993, M&S gave £40,000 to Conservative Central Office. It said it would continue to support the Tories and that supporting Labour too would not be a problem in principle.

British machine tools find market in Japan

By Andrew Baxter

A UK machine tool builder has achieved a rare success in the industry's equivalent of hauling coals to Newcastle - selling general purpose machining centres to Japan, the world's largest producer.

Helped by the strong yen and by recent productivity and manufacturing improvements, Birmingham-based Cincinnati Milacron UK is undercutting Japanese rivals in their home market with its low-cost Arrow 500 - machining centres - multi-function machine tools.

The Birmingham company is owned by Cincinnati Milacron of the US, but the Arrow machine, along with its larger counterparts the Sabre and Lancer, was developed and designed in the UK and is manufactured solely at Birmingham for markets worldwide.

The Arrow 500 was launched earlier this year in Japan at a price of ¥7.8m, which is understood to be at least 30 per cent cheaper than rival Japanese machines.

Mr Mike Colvin, the UK company's export sales and marketing manager, said a couple of dozen machines had already been sold in Japan, and he had been "absolutely astounded" at the response from both big names such as Japanese motor manufacturers and smaller engineering companies.

Trade between the UK and Japan in machine tools is normally a very one-way affair. Japan was the biggest importer of machine tools into the UK last year with sales of £90m, down 35 per cent on 1992, but UK exports the other way were just £4m, down 45 per cent. Last year Japan was only the 21st biggest export market for UK machine tools.

Mr John Bloxham, managing director of the UK company, said the Arrow had been an "absolute mindblowing" success since its launch. The machine was first shown at an exhibition in Germany last September. Overall production of machining centres at Birmingham would double this year to more than 1,000 units, of which Arrows would account for about 40 per cent.

One communications regulator urged

Rules governing UK broadcasting and telecommunications will need a radical overhaul to manage the growth of advanced "superhighway" services, according to Sir Iain Vallance, chairman of British Telecommunications, writes Andrew Adams.

Sir Iain called for one "communications regulator" as the telecoms, computing and broadcasting industries converge, in place of the existing array of regulators in each sector.

He also called for cable operators to be subject to the same regulatory curbs as BT. Cable operators compete with BT to

build local networks to offer telecoms, TV and advanced inter-active services.

Sir Iain said the "ideal" regulatory structure would take on the functions of OfTel, the telecoms watchdog; the Independent Television Commission, which oversees part of the broadcasting industry; and the regulatory duties of several government departments.

Sir Iain said the move might be driven by changes outside the UK, pointing to the EU Bangemann report on European "superhighways", which raised the prospect of an EU-wide regulator.

Supporting a recent sugges-

tion by Mr Don Cruickshank, director-general of OfTel, Sir Iain said that when the price cap on BT retail prices expires in 1997 it might be replaced with price restrictions on BT's network charges but freedom for BT to set retail prices.

Mercury, BT's main competitor, already has more than a fifth of the market for international calls, where the case for ending BT's retail price cap is particularly strong.

Sir Iain called for such a regime to apply to all telecom operators with networks, "rather than one which treated BT's network as a quasi-public asset which others should have access to on privileged terms".

That raises the prospect that BT might seek to retail services across the networks of other operators, particularly those of cable operators, who by 1997 will have several million subscribers and be offering inter-active services.

In a warning to OfTel, Sir Iain said there was a "paradox" that in spite of the steady rise of competition in UK telecoms, "the degree and nature of the regulation is more intrusive than before". He likened regulation to scaffolding, which should be taken down when its job was finished.

'Fortress Europe' visa plans criticised by Lords

The European Commission is accused of exceeding its powers by seeking to impose new visa requirements amounting to narrowing the drawbridge to "fortress Europe", by a House of Lords report published today, writes Ivor Owen.

Citizens of Commonwealth countries currently entitled to make "short-stay" visits to the UK would be affected by a proposed regulation establishing one EU-wide list of countries whose nationals would require visas to visit any EU state.

The report also advocates stronger safeguards to accompany a blanket ban on undesirable immigrants throughout the European Union. Under a new external frontiers convention any person named on a joint list would be barred from all 12 member states.

The new regime would ensure, for example, that a person deported from France would not be able to travel back on foot or by car via Frankfurt or Brussels.

While the committee recognises the need for stronger protection against criminals, terrorists and illegal immigration it warns that mistakes could arise through personal malice or computer error. It recommends "an effective remedy" against unfair exclusion.

In a recommendation which runs counter to UK government policy, the committee argues that the jurisdiction of the European Court of Justice should be extended to settle disputes arising from the proposed convention.

STATE HOLDING COMPANY

PUBLIC ANNOUNCEMENT

Banque INDOSUEZ Hungary Ltd., as advisor, acting on behalf of the State Holding Company, is launching a two round open tender for the sale of a proportion of the state-owned shares and subscription for newly issued shares of the

Hungarocamion International Road Transport Company Limited

The capital structure of the Company as of 31st December 1993 is: (HUF thousand)

registered capital:	5,230,000
capital reserve:	4,115,453
retained earnings:	17,530
Balance sheet profit:	-516,558

The ownership structure of the company is:

State Holding Company:	96.61%
Municipalities	3.39%

According to the Law LIII/1992 of Hungary 25% + 1 vote has to remain permanently in the possession of the State Holding Company.

Shares on offer:

- equity shares, each of the face value of HUF 10,000, totalling a face value of HUF 2,667,300,000 and representing a 50+1% voting ownership.
- Offers which do not cover the whole block of the 50+1% of shares will not be accepted.
- newly issued shares

The State Holding Company will give preference to investors who are prepared to subscribe for at least HUF 1.5 billion of increased capital.

A detailed description of the conditions of the tenders can be found in the respective tender documents.

For further information contact:

Banque Indosuez Hungary Name: Mr István Salgó
Ms. Zsuzsa Fózó
Telephone: (361) 266 54 56; 266 83 83; 266-8090
Fax: (361) 266-5231

State Holding Company Name: Péter Bádonfai
Telephone: (361) 267-6600
Fax: (361) 267-6673
and Benedek Belec
Telephone: (361) 267 6600

Please note that an information memorandum and tender documents will only be made available against the payment of \$500 and signature to a confidentiality letter.

This document does not constitute or form an offer to sell or solicitation of any offer to purchase any securities and is not for distribution in the United States. The offer will be made by way of invitation to tender only and no circulation of any prospectus or tender will be made in the United Kingdom. The tender documents are not available to private persons or to any individual unless an expert investor or a representative of a corporate entity.

INVITATION FOR BIDS

(INTERNATIONAL COMPETITIVE BIDDING)

BID NO. JWC/94-95/01

FEASIBILITY STUDY FOR IRAN-INDIA NATURAL GAS PIPELINE

The Governments of India and Islamic Republic of Iran have entered into an understanding to jointly study the Iran-India Gas Pipeline system for transportation of natural gas from southern gasfields in Iran to northwest coast of India. The Joint Working Committee (JWC) comprising representatives of National Iranian Gas Company (NIGC), Tehran and Gas Authority of India Limited (GAIL), New Delhi, hereinafter called "Employer", invite sealed bids in single stage and two envelope system for the services detailed below from competent agencies with technical and financial capabilities fulfilling the qualifying requirements stated herein.

1.0 SCOPE OF SERVICES

The scope of services involve a techno-economic feasibility study of the project including gas processing, data acquisition, minimum offshore survey, basic engineering, route selection (onshore and offshore), process optimisation, operation and control systems, cost engineering, economic analysis, and related activities as detailed in the bid document.

2.0 QUALIFICATION REQUIREMENTS

Bidders who intend to participate should have successfully completed during the previous ten years similar feasibility studies including gas treatment plants and gas pipeline projects of 30 inch and above dia, at least 500 km onshore, and at least 100 km offshore at depth more than 200 M. The qualifying lengths of pipelines may have been achieved on cumulative basis on different projects.

The bidder should have carried out the feasibility study of at least on such gas treatment facility including gas sweetening, dehydration and dew point control for a quantity of at least 15 MMSCMD gas. In case bidder does not have such experience, he may associate with another agency fulfilling the requirement.

The annual financial turnover of the bidder should be more than the equivalent of US Dollars three millions only during any one of the previous three financial years.

3.0 PLACE OF SALE OF BID DOCUMENT

Director, International Affairs,
National Iranian Gas Company
No. 16, St. No. 10
Ghaemmagham Parahani Av.,
Tehran, IRAN

Director (Projects)
Gas Authority of India Ltd
16 Bhikaiji Cama Place
New Delhi
INDIA

4.0 COST OF BID DOCUMENT

The Bid Documents can be obtained from the above addresses after payment of the cost. This amount is non-refundable.

5.0 SALE PERIOD:

10.00 Hrs to 15.00 Hrs on any working day from August 1 to 28, 1994

6.0 ISSUE OF BID DOCUMENTS

Bidders may purchase the bid document on submitting a written request on bidders letterhead, and collect the bid documents from the place of sale.

7.0 DATE AND PLACE OF PRE-BID CONFERENCE

September 12, 1994
ISTAMBUL/TURKEY

8.0 PLACE FOR BID SUBMISSION

Tehran and New Delhi

9.0 SUBMISSION AND OPENING OF BIDS

Latest by 15.00 Hrs on October 3, 1994

10.0 COMPLETION SCHEDULE FOR STUDY

9 MONTHS after placement of TOI

11.0 BID BOND

USD 25,000 along with the bid.

12.0 GENERAL REQUIREMENTS

- Bid documents are non-transferable.
- The Employer reserves the right to accept any bid and to reject any or all bids without assigning any reason.
- The Employer shall not be responsible for any delay, loss or non-receipt of bids. Telex/Telcax/Telegraphic offers shall not be accepted.

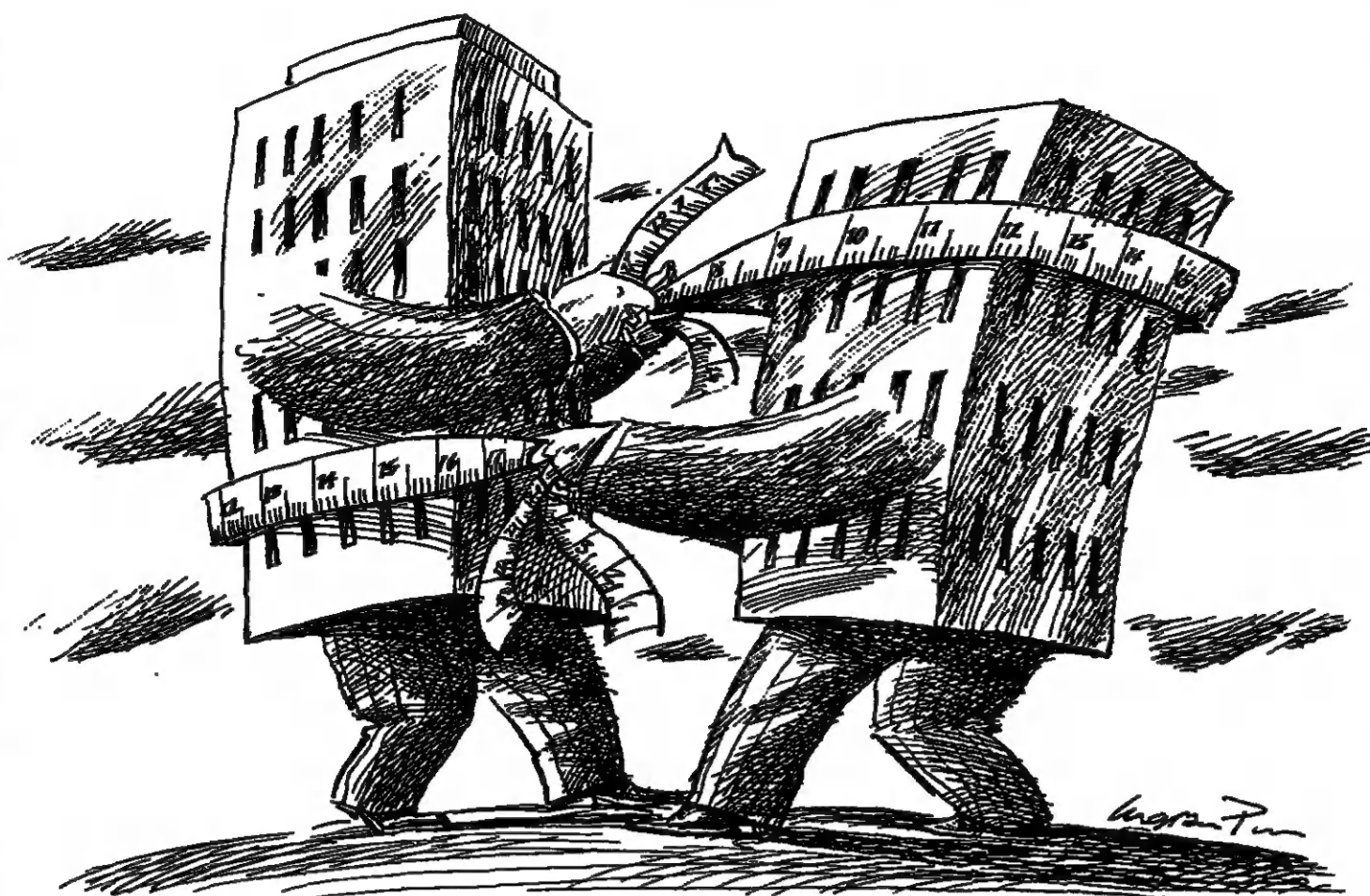
Director, International Affairs
NIGC, IRAN

Chairman
GAIL, INDIA

MANAGEMENT

Growing numbers of UK companies are turning to benchmarking to improve their performance, explains Vanessa Houlder

Measuring up to success



Benchmarking – the practice of comparing business practices between companies – has come of age in the UK. More than three-quarters of the UK's top 1,000 companies claim to use benchmarking to assess and improve their performance, according to a recent Gallup survey.

Such findings should perhaps be treated with caution. The success of management fashions is often exaggerated by the efforts of publicity-seeking pioneers, business-hungry consultants and the natural unwillingness of managers to admit to pollsters that they are neglecting state-of-the-art management practices.

Nonetheless the benchmarking success stories are the stuff of management textbooks. Rover halved its test times after benchmarking against Honda. Lucas Industries cut the number of shopfloor grades four-fold following a benchmarking exercise against a German plant. British Rail cut the time taken to clean a train to eight minutes after benchmarking against British Airways.

But despite the enthusiasm about benchmarking, there is little consensus about how best to do it. Even the meaning of the term causes "considerable confusion", according to the Gallup survey, conducted on behalf of Coopers & Lybrand and the CBI. Knowing where to start can be daunting for newcomers, particularly if they are unwilling to spend large sums on management consultancy.

The old hands make it sound easy. "Benchmarking is so simple. It is just like a business meeting. The most effective benchmarking is to sit with another professional and talk," says Shaun Pantling of Rank Xerox, a subsidiary of Xerox, the US copier company which pioneered benchmarking in the early 1980s. When Rank Xerox decided to improve its call handling, it approached companies with a strong reputation for answering calls quickly such as the RAC and British Gas. "We have re-engineered our call handling as a result," says Pantling.

British Airways also makes benchmarking sound simple. When it wanted to improve the service on its frequent-flyer programme, it visited the Oriental Hotel in Bangkok – renowned for pampering its guests – to pick up tips on how to record details of its customers' preferences. When it wanted to improve its passenger handling areas, it analysed its weak points and then studied some of its rivals.

Benchmarking against a company which appears to be the best at a particular activity is the most popular option for large, confident companies. "If you benchmark against mediocrity, you end up with mediocrity," says Pantling.

But it is not necessarily the best option for smaller, less experienced companies. Studies in the US, Japan and Germany have found that inexperienced companies which try to match the techniques of world-class performers often make things worse by trying to do more, too soon.

In any case, small, obscure companies are generally unable to ask leading companies to benchmark with them. "A small, not well-known company would find it difficult to knock on Marks and Spencer's door and say 'will you benchmark with us'. It tends to end up

with small and medium-sized companies benchmarking with each other," says Graham Whitney of Coopers & Lybrand.

One solution to the problem of finding a benchmarking partner is to join a club or network. Over the last 18 months, a number of these groups has sprung up to provide companies with a pool of willing partners.

The main disadvantage of a club is that it tends to restrict the number of potential partners. But even experienced benchmarkers, with large networks of contacts, find that belonging to a club makes benchmarking simpler. "There are a lot of advantages of a club when it comes to finding the right contact within an organisation," says Barry Povey, a quality management consultant at IBM.

Most of the large management consultants also have benchmarking divisions, which draw on their large client bases for potential partners. Price Waterhouse, for instance, runs a Customer Excellence Benchmarking Club, which has 45 members.

Another large group of bench-

marking clubs is run by trade associations. The British Footwear Manufacturing Association has organised two clubs to look at factory performance and pre-production engineering and design.

Many were started as a result of the DTT's Benchmarking Challenge, which last November awarded £500,000 to 13 trade associations to set up benchmarking clubs. These clubs generally focus on providing industry trends; firms tend to be reluctant to divulge information on their processes to competitors.

Benchmarking against other companies in the same industry is the most popular form of benchmarking, practised by 80 per cent of large companies, according to Gallup. But the information offered is usually limited and it rarely helps companies identify radically innovative practices.

More often, clubs offer companies the chance to benchmark against companies in other industries. For example, the Benchmarking Centre, which was set up in Hemel Hempstead a year ago, has 40 companies including SmithKline Beecham, TSB, IBM and ICL. The centre puts

companies together in pairs or in groups to examine issues such as management information systems, supply chains, customer satisfaction, human resources and production.

Both the management and the members of the club say its strengths lie in the loyalty and support that members can give each other. "It is a place where we can go for help, where we can go for information, where we can go for like-minded companies which will share information and results," says Gordon Cosser of Dexon, a shelving manufacturer.

Yet finding a willing partner is just part of the battle. A problem that has dogged benchmarking from its inception is whether the comparisons of particular activities between companies have any validity.

Even apparently straightforward measures such as the productivity of a finance or personnel department can be complicated. "Why one company has a bigger personnel department than another is to do with complexity, staff turnover

ratio and culturally driven factors about how highly companies value people," says Keith Roberts of PIMS, a management consultancy which runs the PIMS Benchmarking Council.

If companies use inappropriate benchmarks, it can raise unrealistic expectations on the part of senior management that can lead to dejection within the ranks of a company. "There have been cases of chief executives using it as a weapon to bash their business," says Roberts. "There is a danger that people will become disillusioned."

Another potential morale problem arises when the benchmarking exercise concentrates on productivity or financial performance. "There is a great chance that if people are being measured on a financial basis, they do get paranoid about their jobs," says Steve Wright of Brown & Root, the engineering group.

Another potential pitfall for companies embarking on benchmarking is insufficient preparation. Too often, benchmarking has meant unfocused visits to companies and factories, a practice consultants dismiss as "industrial tourism".

"A lot of people try benchmarking and fall miserably. They are not prepared. They don't understand their own processes before they visit a company," says Marcus Boyle of Arthur Andersen, the management consultants.

This point is echoed by Glen Peters of Price Waterhouse. "One of the mistakes people make is that they don't look at themselves in the mirror. They need to do a thorough benchmark on themselves."

Some companies find the process of self-examination one of the most useful aspects of benchmarking. "What I found useful about the exercise was as much the exercise itself – the discipline of classifying our processes and putting numbers on it – as the report at the end," says Steve Wright, continuous improvement manager of Brown & Root, who took part in a benchmarking club organised by PIMS, which examined the costs of personnel functions.

Many managers play down the importance of the benchmarking report. The reports that emerge from benchmarking studies are often treated with a degree of caution. This information – on how a company compares with the average score of the other companies within the group on a particular activity – may be useful in alerting companies to weaknesses, but should not be taken too literally.

"Classic, cost-based benchmarking projects where there is not adequate analysis of performance are dangerous," says Alan Brithwaite of LCP, which runs a benchmarking network set up with the Cranfield School of Management and Logistics. "It can be a wild goose chase."

Whitney concurs. "If people just focus on numbers they get frustrated because it does not address how they achieved better performance," he says. Too much effort is put into number-crunching and diagnosing the area that needs change and not enough into thinking about to improve the processes. The emphasis should be on learning, rather than just comparison.

The possibility of learning from other companies is dependent on a degree of openness. "The major gains come if you loosen the confidentiality," says Boyle.

But frequently companies are simply not willing to be open. When Price Waterhouse announced plans to hold a forum of all its benchmarking club members across Europe in October to exchange ideas on best practice, it found that about half the club was reluctant to take part. "People are very guarded. I get more information from people on an unattributable basis," says Peters.

But on balance, the openness, rather than the secrecy, of companies is remarkable. Companies that are enthusiastic benchmarkers often point to public relations benefits, which outweigh their concern about giving away information to competitors.

"The information gets to our competitors; it also gets to our customers," says Cosser. Benchmarking "is part of the image of Rank Xerox as being a quality organisation," says Pantling.

Even companies which claim to be highly proficient at certain processes claim to benefit from exchanging ideas and information. "Generally if someone wants to benchmark you always learn something," says Pantling.

Betrayed, unloved and angry

It did not promise to be a great night out. The venue was Wembley Conference Centre, London, and the occasion was the annual employees' evening for one of Britain's biggest companies. Local staff had been invited to bring a guest for a Q and A session with the company's board, hosted by a well-known media personality. Afterwards, there was to be a prize draw, a buffet and drinks.

My first response to the occasion was incredulity. How could the management be so out of touch to expect workers and their dates to give up an evening to hear company propaganda, eat a sausage roll and drink a glass of nasty white wine? As I sat in the half-empty hall listening to a deafening disco beat and waiting for the top team to file on to the stage, I felt my doubts confirmed.

In the event the evening was grim, but not in the kitsch, pointless way I had bargained for. Instead of the usual queries about broken coffee machines or dirty

windows, there followed a barrage of hostile questions. Employees of this would-be world-class company complained about their job insecurity, their lack of prospects and about planned changes to their hours. They ridiculed the company's new-fangled mission statement with its fine words about mutual respect. The graduate employees, the rank and file and the middle managers spoke with one voice: they felt betrayed, put-upon, unloved and angry. Even some of the spouses had their say. One who worked in the civil service said that at least her employer recognised there was no point in talking about customer care unless the staff were also cared for. With each successive sally came louder cheers from the crowd.

The panel, equipped with all the media training money can buy, ducked and weaved. They talked of external pressures, about the need to be competitive, about going through a hard patch. Their answers were long and tangential,

LUCY KELLAWAY



as if trying to postpone the next onslaught. But all to no avail. The crowd continued to hustle.

What a public relations disaster, I started to think. An employee who began the evening faintly resentful would surely have ended it mutinous, having everyone else's grievances added to their own.

Yet I left with a different conclusion. It is not easy for senior management of big companies to communicate with its employees. They cannot hope to meet people informally, and company magazines and videos are a one-sided way of keeping in touch. You have to give this unhappy management some credit

for being brave enough to face the workers directly. One only hopes they were shaken enough by the experience to ask themselves why motivation is so low, rather than have a sigh of relief that they have a full year before having to go through that ordeal again.

The real message from the evening was not about the virtues or otherwise of employee meetings. It was that big companies such as this one, which have done well by their customers and their shareholders, have been neglecting their employees. Half have lost their jobs and the rest are left desperately demoralised. Dealing humanely with the

ones who go is the easy part. Dealing with those that remain is a more serious problem than an annual invitation to Wembley can hope to solve.

The other day I heard a perfectly sensible person saying that she needed half an hour's "face time" with a colleague. Half an hour's what? Surely she did not mean the two of them needed to reapply their make-up? It turned out she simply wanted to talk to her colleague in person. It cannot be long before speaking on the telephone is known as "ear and mouth time".

"Face time" apart, I detect a degree of imagination creeping into the latest management speak. Michael Johnson, author of *Business Buzzwords*, has sent me some brand new examples, a few of which are almost useful. One such is "brains on

sticks", which refers to all those MBAs and wet-behind-the-ears management consultants who have read the books but do not know how to comport themselves when faced with a seasoned business person.

Another nice one is "Achilles mouth" – the tendency to say things better left unsaid. This trait is becoming rarer as managers get more uniform; it is therefore sad to see one of the finest Achilles mouths on record, Roland Shaw (who once described me as a semi-literate, ill-informed hack), retiring this week as chairman of Premier Consolidated Oilfields. But my favourite concept is that of the Pavarotti manager, who is so booked up that he can't see you for years ahead. Robert Horton used to be a case in point. When chairman of BP he told me one November that he did not have a free spot in his diary until June. In his new incarnation at Railtrack he is having to be a bit more spontaneous – the Pavarotti manager would not cut much ice with Jimmy Knapp.



DESERT ISLAND MANAGER

Andrew Longhurst

A long spell of uninterrupted peace on a desert island might seem ideal for the complex task of devising a lawful and efficient way of sharing the £1.8bn cash which Lloyd's bank has offered for Cheltenham & Gloucester Building Society among the society's members. But Andrew Longhurst, C&G chief executive, would use his time to indulge his interest in computers, French and golf rather than to run his business from afar.

You can take one piece of office equipment with you, apart from a telephone and a fax – what would it be?

I have not had enough opportunity to play with computers recently, so I would like a powerful PC and modem. My background is in computing. I joined C&G as data processing manager and I read maths and statistics at university. My first net would be to send a message to C&G saying that I retire and I'd use the computer to play Civilization – it's a very long game that starts in 500BC and goes on into the future, as you create your own civilisation.

How would you cope with life on the island?

I'm good at being on my own, but I do like to have the facility of communicating with people. I would hope that occasionally a rescue vessel might offer me a job, so if I got bored I could maybe get on one of those and start a new career.

Would you become a beach bum?

No – I'd want to maintain a lot of mental activity. But I wouldn't try to stick to a schedule – I'd get up when I felt like it, sleep when I feel like it, and so on. When I think of the computer I would take a good wedge on to the beach. I can't play out of bunkers at all and it would be a good opportunity to practise.

You can take one film with you, what would it be?

I'd take Jean de Florette. I admire Jean's tenacity, persistence and will to succeed, even though his farming projects in Provence ultimately fail.

And a book?

I would hope to have a CD-Rom program called Classic Library 2000 on the computer, which would keep me well supplied with literature. Even if I'm not allowed that, I would still like the Oxford Dictionary of Quotations.

What food and drink would you like on the island?

This lies in with luxury – 100 tons of best-quality top soil – as seen on Gardeners' World – so I could grow vegetables. The key thing would be that they'd be fresh and I'd have grown them. I'd also enjoy fishing and cooking. To drink I would have New Zealand Sauvignon Blanc.

You can take one person with you – who would it be?

Catherine Deneuve, the French film actress. I think she would improve my French conversation.

How would you like to be remembered?


It's not so much a question of liking to be remembered, as liking people to want me back again. I'd like to be missed rather than remembered.

Alison Smith

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هكزا فون الاصل

HEALTH

City air pollution breathes fresh life into drug sales

Although Japan has been successful in reducing its air pollution by half during the past 20 years thanks to rigorous curbs - nitrous oxide levels in Tokyo are 25 per cent lower than in London - the number of patients who suffer from hay fever and asthma has risen sharply in the past few years due to the increase in pollen which reacts with pollutants in the air.

This has opened a whole new market for drugs companies, which offer various treatments and masks. Kowa, a pharmaceutical maker, says the mask market has grown into a ¥2.4bn business in which more than 50 companies compete to sell their "clean air" masks which use anti-germ and static filters.

Levels of sulphur dioxide and nitrous oxides have fallen sharply, but incidents of chemical oxidant smog, created by a combination of air pollutants, strong sun rays and an increase in ozone, have doubled in five years.

Elsewhere in the region, air pollution is at critical levels due to governments pressing for economic growth and high temperatures aggravating the problem. According to the World Health Organization, of the seven cities in the world with the worst air pollution, five are in Asia.

Emission from vehicles is the largest cause of air pollution in most Asian cities, where fuels are among the dirtiest in the world with sulphur in diesel fuel and lead in gasoline. Pollution caused by industry and building heat are other sources in the colder climates, especially in China.

In the Thai capital Bangkok, bus passengers and pedestrians often hold a clean handkerchief across mouth and nose.

Air pollution is particularly dangerous in a country where so much of life is lived on the street. Throughout Bangkok, people eat at roadside noodle stalls; they not only breathe in lead from vehicle exhausts, they eat it.

Recent studies suggest that air pollution causes hundreds of deaths in Bangkok each year. In 1990 more than 1m of the city's inhabitants were treated for respiratory problems linked to dirty air.

Across the Pacific ocean, California has the toughest anti-air pollution regulations in the world. For 20 years all new cars have been fitted with catalytic converters while car owners need to obtain a "smog certificate".

The restrictions have provoked complaints from industries, but have prompted innovative businessmen to create a market where companies' permits to emit pollution are traded.

In London, the government issued smog warnings three times in July after ozone levels rose high enough to trigger asthma and other breathing difficulties among vulnerable groups. The Department of Environment asked people to use cars less.

A DoE survey, during one of the ozone peaks, showed that few complied - only 10 per cent of motorists decided not to use their cars on at least one occasion when they would otherwise have done so, according to the survey.

Eniko Terazono in Tokyo, Victor Mallet in Bangkok, Louise Kehoe in San Francisco, and William Lewis in London



TRAINING

A chance to raise the standards at your workplace

Does your employer communicate effectively with you? Do you feel that your training is appropriate to the demands of your job?

If the answer is no, your company might be a candidate for the Investors in People standard which, among a number of other functions, offers a system of auditing the way a company manages its human resources.

The standard, which was government inspired, is managed by Training and Enterprise Councils, which administer government-funded training programmes and foster enterprise.

Four years old this November, the scheme got off to a slow start but take-up is now gaining momentum, with Provincial Insurance the thousandth company to achieve it. Barbara Clifford, marketing manager at Provincial, said: "The process has been extremely valuable for us. It followed a period of restructuring and it focused minds on the future."

So far the standard has been adopted by companies representing 15 per cent of the UK workforce. But many of the earliest participants were businesses which probably had above average employment practices already.

How successful has the standard been? It is not yet certain that numerical government targets for the take-up of IIP will be reached.

Ms Mary Chapman, chief executive of Investors in People UK, which polices the standard, last week described the target of 50 per cent of UK organisations employing more than 200 being recognised as IIP organisations by the end of 1996 as "challenging".

However, there seems considerable satisfaction with the standard, which has been taken up by a raft of organisations, from big public sector organisations to schools. A recent survey by Industrial Relations Services, the independent research organisation said 96 per cent of companies that had gone through the process expressed satisfaction with it.

But one task for the next few years will be to percolate IIP down to more small businesses, where training and staff development are generally regarded as lacking.

In Worcestershire 30 per cent of all employees in the area covered by Central England Training and Enterprise Council work for companies that have obtained the standard or are moving towards it. However, they are employed by 200 companies in an area which has 12,000 businesses.

Mr Rodney Skidmore, chief executive of Center, said it was becoming easier to involve small companies. "It is important to have role models that small companies can identify with. But, people still have to be convinced that it offers real benefits and that it is not a gimmick," he said.

Lisa Wood

INTERIORS

Marlowe fans strut their stuff

Electric fans work wonders in environments which lack efficient air-conditioning. But, as with umbrellas, you never think about them until you need one. When a really sweltering day arrives, the tendency is to buy the first fan you can find. As the seasons change, this unappealing object is then stored in some inaccessible cupboard. Far better to buy a handsome-looking fan that you will want to keep on display all year.

Highly effective in stirring life into air on even the muggiest days, the Cinni all-metal electric fan also provides a treat for the eye. It is pleasingly old-fashioned with gleaming steel blades whirling inside a circular wire cage. This solidly-built design classic is one fan you won't want to hide away when autumn comes.

Viewing the fan head as it steadily oscillates through 90 degrees, there is a temptation to imagine oneself as Philip Marlowe awaiting a dangerously curvaceous client on a sticky L.A. night. In fact R.K. Narayan or Vikram Seth are more appropriate to bring to mind since the Cinni range is manufactured in Varanasi, India.

The only drawback is price. Table-top versions range from the tiny 200mm fan (£100 chrome, £82.50 black) to the larger 400mm model (£138.75 chrome, £117 black). Most impressive is the 400mm pedestal fan which stands 4ft high and at full blast creates a turbulence which would register double figures on the Beaufort scale (£225 chrome, £185 black).

Imported by the Freud Shop, 196 Shaftesbury Avenue, London, WC2 (Tel: 071-301 1071), Cinni fans are also sold by John Lewis, The Conran Shop, Heal's, Harrods and Leading Edge stores. Ceiling-mounted versions are available from the Freud Shop. A 1,500mm-diameter fan with splendid gold trim costs only £150.

If you are not too concerned about looks, there are plenty of plastic fans which do much the same job as the Cinni for around a quarter the price. The Fifco range, for example, includes a 6in clip-on fan (£16.99), a 12in table fan (£34.99) and a 16in pedestal fan (£49.99). Unfortunately, they have about as much character as a paper cup.

One of the more unusual designs of electric fan is the Goldair Vertical Oscillating Fan (£99.50). Made in China, it measures about 3ft high by 6in square. When operating, the whole squat column turns through 90 degrees. Though advertised as giving "vibration-free operation", the one displayed in John Lewis, Oxford Street, had a decidedly wobbly action. While adding to the entertainment of office life, there would always be the possibility of the Goldair setting off for a robotic stroll in order to chat up the photocopier.

Just £4.95 will buy you a Jags Handfan, which seems to work well as long as you don't mind looking like a modern-day pasha. At the opposite end of the price scale is the Carrier Holiday (£299 from Selfridges), described as a "portable air conditioner", "wheelable" would be more accurate. While providing an instant arctic blast, it ejects an equal flow of hot air from a plastic pipe at the back which has to be expelled through an open window.

Charles Jennings

BUZZWORDS

Socialisms

Last week Tony Blair's election to the leadership of the UK Labour Party was completed. The three candidates produced two vivid new terms: *moderniser* and *traditionalist*. Like all jargon outside its environment, these words lose their specific currency outside Socialist politics.

Modernisers are the right and *traditionalists* the left of the party. Blair is a *moderniser* (The Sunday Times, 17 July), unhelpfully described as "neither Neil Kinnock nor John Smith".

Moderniser has roots meaning "measure or limit" (Latin *modus* and *moderator* from *moderare*), but also a sense of actuality from *modo* and *modernus* which produced *modern* via medieval French. It is a powerful word which unites ideas of time, change and shape (from the Latin *modernus* which produces *model*). In the 1940s and 50s, it applied to developing and Commonwealth countries en route to liberal democracy; it has roots in Weber and Marx. The OED first usage is Fielding (1749), with Thackeray coining the first current sense in 1880: "gunpowder and printing tended to modernise the world." Blair's *moderniser* is closest to theological usage early this century, bringing the idea of advanced or progressive views.

Opposite *moderniser* there is *traditionalist*. This comes from the Latin *tradere* (to hand over, deliver, in a sense, to betray) and surfaces in Voltaire's idea of *extradition* and the English *extradite*.

Ironically, the word contains both safeguard and betrayal: handing on and handing over. Shakespeare coins *traditional* in *Richard III*: "you are too senseless

When they give you sunburn levels in the papers and on Teletext, you can be sure that there is a risk out there, thanks to the hole in the ozone layer over northern Europe. That means concern about sun exposure here and on a Mediterranean holiday.

Those who ring Freephone line 0800 556655 will hear a soothing voice telling them about the dangers of skin cancer and ageing from exposure to WA and WB rays. "Wear a wide-brimmed hat and good sunglasses," says the voice.

This is the most important instruction of all. Nothing protects the skin from pollution and sunburn like a hat. And yet it's often something that only the mother-of-the-bride invests in.

If you're going to change your ways and wear a hat, then it makes sense to buy one that combines glamour and practicality.

A cheap, chain store straw hat that is too small and perched on the back of the head is no good at all. A good Panama designed for a man would be infinitely better (Herbert Johnson, Bond Street, London, W1), especially as they are built for travelling and look even better on a woman.

Gilly Forge (071-903 3833) and Patricia Underwood (Browns, South Molton Street, London, W1) both use a fine Italian straw that really does travel without crushing although they might cost you upwards of £75.

Harold and Heart in SW8 always have untrimmed straws with brims of every size. The Hat Shop (58 Neal St, London, WC3) and 30 Wilson Street, Glasgow) offers alternatives to the basic straw - a large-brimmed cotton hat with safari overtones, a fashionable fishing pull-on or a navy casquette. All good staples that don't cost more than the holiday itself and don't look like an afterthought or a panic midday purchase.

Andrew St George



STYLE

Invest in a sun hat and save your skin

Incidentally when you try a hat on, look yourself straight in the eye. You can't wear a hat casually without pencilling in your eyebrows and considering your make-up.

There are no hard and fast rules but the crown of the hat should balance the shape of your face from the eyebrows down. It is a mathematical equation. Therefore, if you've got a big face make the crown of your hat higher in proportion.

Kathy Phillips

FINANCE

Tax exemptions during rail strike

Now that the rail strike is disrupting three working days, many employees are having to make their way into work, regardless of convenience or cost.

Most will have to pay more than their usual travel expenses, for taxis or for an overnight stay in a hotel.

Will they face a higher tax bill if they then claim the expenses from their employer? Usually, where the cost of travel between work and home is met or reimbursed by an employer, the employee is taxable on the amount paid. The same is true for accommodation costs.

However, accountant Touche Ross points out that since 1986, the Inland Revenue has operated a concession in cases where industrial action is involved. Reimbursed travel and "reasonable" costs incurred in getting an employee to work during transport strikes, are tax-exempt. Neither employer nor employee has to report these payments to their tax office and employers who prefer to meet the cost directly can do so without fearing the tax liability.

Scheherazade Daneshkhlu

SPORT: LAURA THOMPSON



Atherton and the child within

As a child, I was a compulsive cheat. I would peer into the bag full of Scrabble tiles, looking for the letters that would complete the word "quartzal"; I would steal from the Monopoly bank. Like all real cheats, I would even cheat at patience.

The truism that I was "only cheating myself" meant nothing to me. All I knew was that I simply could not bear to lose: it made me feel diminished, it made me feel ridiculous, and I saw no reason why I should feel these things when it was so easy to ensure that I did not.

Victory, when it came, was so sweet that it would expunge from my memory all the machinations that had been necessary to gain it. All that was left to me was the sensation of winning.

I was reminded of this long-buried amorality by the Michael Atherton saga, which seems already to have been running for a very long time but which is, let us be assured, just getting into its stride.

The chief question posed by the incident is obviously that of Atherton's intentions: was he attempting to give the English attack an unfair advantage?

The irrefutable reply is that, if he had done it better, but the truth is that it is an impossible question to

answer. Study it as one may, and certainly I have seen it more often than one of Bob Hoskins' British Telecom adverts, the ball-rubbing footage will not yield up its secrets. Only the ball-rubber himself knows what his intentions were.

And so another question, less specific, more general, arises in place of the unanswerable one.

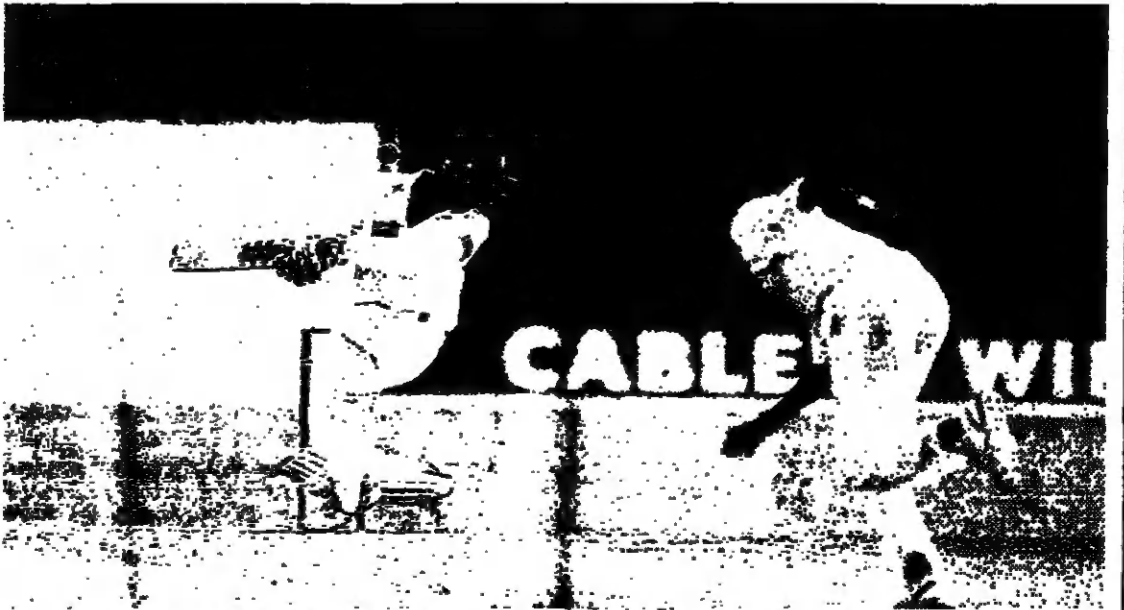
If Atherton had, in fact, been tampering with the cricket ball, his actions had helped England to take a couple of South African wickets, and if these wickets had helped England to victory, would that have been a victory worth having, a victory to believe in?

When Ben Johnson left Seoul in 1988 with his 100 metres gold medal, did he look at it and think, Hurray, I'm the fastest man in the world? Had Diego Maradona led Argentina to win this year's World Cup, would he have thought himself entitled to receive the acclaim of millions?

Do those cricketers who have not just a bit of honest dirt in their pockets but bottle tops, lip salve, miniature cans of Mr Sheen, feel that the wickets they take are truly their trophies?

Now that I have grown out of my cheating past, I find it hard to believe that they do.

That is not to say that I no longer



Winning sensation: Michael Atherton, England captain, during his century against Barbados in February, 1994

feel the urgent desire to win - I still find losing unbearable - but I also feel that it would be easier to live with the memory of defeat than with the knowledge of an unreal victory.

Surely, as soon as the straight course of the contest has been bent in any way, the winning post ceases to have any significance.

Another example relevant to this argument is that of this year's Grand Prix drivers' championship. Damon Hill was helped to victory at Silverstone by a penalty inflicted upon Michael Schumacher, who forfeited several seconds in the race for overtaking Hill on the warm-up lap.

Since then, Schumacher has been further penalised. He has been docked six points and banned from two Grand Prix (a decision against which he is appealing); Damon Hill is now within striking distance.

But would a world championship won in such circumstances really satisfy him? He says that it would, that posterity only remembers who won and not how he did so, which

of course, is true. Yet victory must surely be soured by the sense - however slight - that it has been given, rather than earned.

Of course, Schumacher has not been penalised for nothing, and if he loses the championship because of the Silverstone misdeed, then that is his own fault.

But it is the element of uncertainty which creeps in when the straight course of the contest has been bent that affects winners, should-be winners, losers, and should-be losers alike.

For example, can Carl Lewis ever be entirely sure that he would have won the 1988 Olympic 100 metres final?

What about all the other races that Ben Johnson ran; all the football matches that Maradona played; all the cricket matches won by wickets taken by suspect bowlers? To whom do all these victories truly belong?

And what, in the end, is cheating in sport?

Whatever Michael Atherton was really doing to that fateful ball,

whether or not his action was inside or outside the laws of the game, they were hardly any different from the sort of thing that is done in cricket all the time.

Athletes are constantly taking substances to improve their performance; obviously these are permitted but only within an arbitrary set of rules. Legality and illegality are fluid terms in such an environment.

It comes down, as I said before, to intention. Even then, though, I am not so sure that proven cheats are singled out by the detached, pre-mediated quality of their desire to win.

When, 20 years ago, I sat with one hand in the Monopoly bank and the other placing an hotel on Mayfair, I knew that what I was doing was wrong but it did not feel wrong.

Within the miasma of intensity, expectation, and desperation that must sometimes fill the sportsman's head, creating conditions that no longer relate to reality or responsibility, who is to say that he does not view his actions with the uncompromising wilfulness of a child?

Rwanda Crisis Appeal

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BUSINESS TRAVEL

Gatwick alert

About 40 aircraft were diverted from Gatwick airport yesterday after an aircraft tyre burst during take-off. The incident - on one of the busiest travel weekends of the year - put the airport runway out of action for more than an hour while the Ljubljana-bound Adria Airways DC9 was towed away. None of the 100 crew and passengers was hurt. About 267,000 people passed through the airport over the weekend.

Nigerian strike

A general strike is likely to start in Nigeria on Wednesday. The Nigerian Labour Congress (NLC), comprising 41 trade unions, decided last Friday that its 3.5m members would take action after failing to persuade head of state General Sani Abacha to free presidential claimant Moshood Abiola and other political detainees. Shell and other oil companies have been told by the unions to pull out their expatriate staff. The west African nation has all but shut down over the crisis prompted by the arrest of Abiola, the assumed winner of last year's annulled presidential election, on treason charges.

US fires

Fires continued to rage in the north-west of the US over the weekend. Two people have already been killed and more than 100 buildings destroyed. More than 11,000 fire-fighters were battling flames in Oregon, Washington, Idaho, Montana, Utah, Nevada and California, according to the National Fire Centre in Boise, Idaho. Fire conditions are likely to remain dangerous with hot, dry, windy weather expected to continue this week.

Haiti air ban

The now-total commercial air ban, which began on June 24 with American carriers ending services to Haiti, is the latest international economic sanction intended to pressure the island's military coup leaders to cede power. The army, which ousted elected President Jean-Bertrand Aristide in 1991, has defied a worldwide trade and oil embargo and US ban on most financial transactions with Haiti.

Heatwave in Hungary

Hungarian meteorological authorities warned of continuing high temperatures this week after the death of at least four people from the record heatwave at the weekend. A temperature of 35.5 degrees Centigrade measured in Budapest on Saturday was the highest since records began a century ago. "There's no let-up in sight for the next five days," said Marta Bona of the National Meteorological Service.

Egypt safer

The UK government says the security situation has improved in Egypt, where two tourists have been killed and 30 wounded in attacks by Muslim militants since 1992. Mr Tony Blair, assistant foreign secretary, said after a visit to Cairo, that the authorities now had the upper hand. However, visitors should still avoid Assiut in southern Egypt - the region where the militant Gama'a al-Islamiya (Islamic Group) had been most active. Yesterday the group said it had wounded two policemen near the southern town of Mallawi in a revenge attack for the killing of two Gama'a members by police.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	☀ 26	☀ 25	☀ 25	☀ 25	☀ 25
Hong Kong	☀ 32	☀ 31	☀ 31	☀ 31	☀ 31
London	☁ 24	☁ 25	☁ 25	☁ 25	☁ 25
Frankfurt	☁ 29	☁ 30	☁ 31	☁ 32	☁ 33
New York	☁ 31	☁ 32	☁ 31	☁ 32	☁ 33
L. Angeles	☁ 29	☁ 29	☁ 28	☁ 29	☁ 29
Milan	☁ 31	☁ 31	☁ 31	☁ 31	☁ 31
Paris	☁ 28	☁ 28	☁ 28	☁ 28	☁ 28
Zurich	☁ 28	☁ 28	☁ 28	☁ 28	☁ 28

Maximum temperatures in Celsius. Information supplied by Meteo Consult of the Netherlands.

Emiko Terazono explains how to cope with - or even escape - the industrial sprawl of Osaka

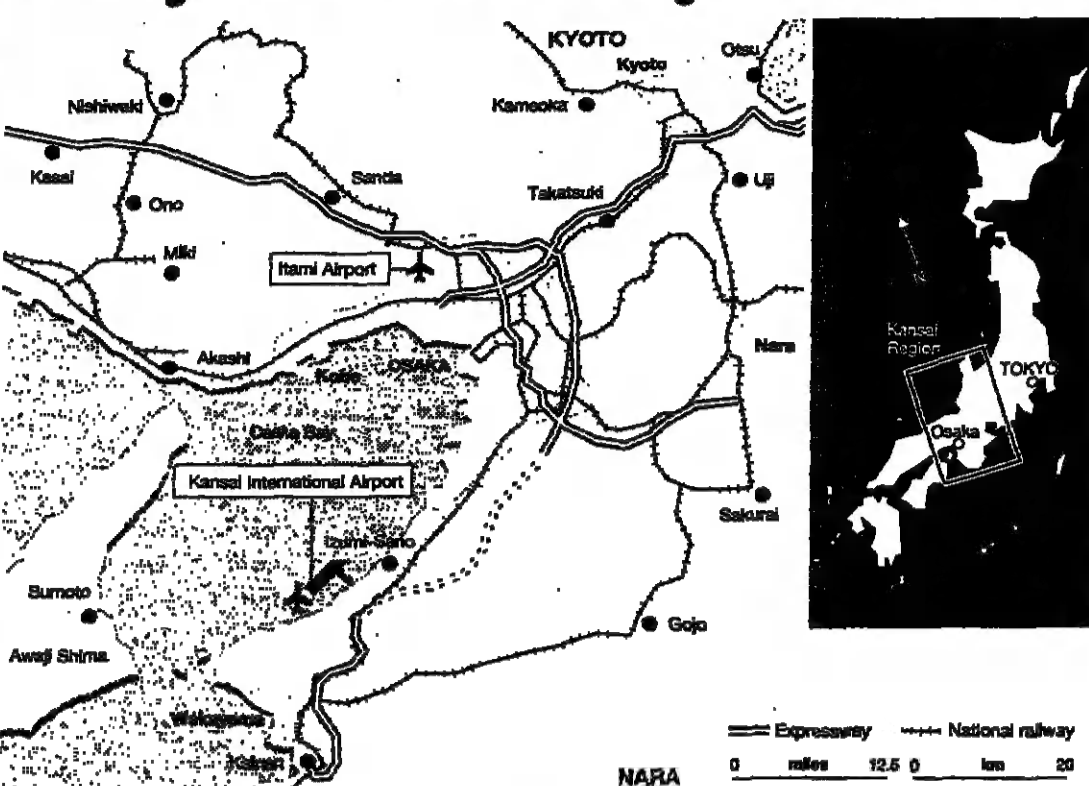
Because of the many rivers and canals running through the downtown area, the people of Osaka like to call the city the "Venice of Japan". Yet most of the waterways are now little more than open sewers, and the grey industrial sprawl - home to leading electronics manufacturers and textiles companies - may remind visitors of Birmingham in the UK or Cleveland, Ohio, rather than the Italian lagoon city. This is not to say that the spirit of the old mercantile town has been entirely lost. Many Osakan businessmen still greet each other by asking "Mo kari makka?" - which translates as "Making any money?" The people remain down-to-earth, and Osakans pride themselves on their distinct dialect.

With the opening of a new international airport in September, however, Osaka is trying to promote itself as a refined international city. New high-rise office and shopping complexes are sprouting in the city centre, while local store owners and merchants are encouraged to start English lessons.

The Kansai International Airport will be Japan's first 24-hour airport, offering flights to 44 countries - four times as many as at Osaka's current Hanai Airport. Passengers can also travel on to 22 Japanese cities via domestic flights, which also have access to the new airport. This is a convenient change from the current principal international airport, Narita International, which is three hours away from the nearest domestic airport.

Visitors can also take trains from the airport to Namba, Osaka and Kyoto stations, while a sea ferry is available to Kobe. Once in Osaka, it is best to travel around by train and

City of moneymakers



subway. If you have the time and yen, you may choose to travel by taxi, but many drivers do not speak English and come from the provinces, so a simple map of your destination will make the journey easier and faster.

While Osaka offers a variety of

places to eat, shop and play, there are no historical sights to see. Instead, you could spend your spare time exploring the ancient cities of Nara and Kyoto, which are both only half an hour away by train from Osaka.

In the past few years, downtown

Kyoto has turned into a drab regional city, with an urban skyline of office buildings, condominiums and department stores. But many of the 1,000 temples and 400 shrines nestled at the foot of the mountains, which border the city on three sides, provide pleasant

retreats. Unlike Tokyo or Osaka, Kyoto does not have an efficient intra-city transport system, so the most effective mode of travel is taxi.

The spring and autumn months are the best times to visit Kyoto, but they are unfortunately the most crowded. High-school students and groups of elderly people descend on the main sites by the bus load.

Nara, Japan's first imperial capital, is green and spacious, and offers a pleasant alternative to the urban bustle of Kyoto. Half of the city is parkland, where you can roam around, and you can feed the tame deer which inhabit the commons of Nara Park.

Nara offers a greater variety of historical sites than Kyoto, and it still has the atmosphere of an ancient city, rather than a centre for property development like Kyoto.

If on business in Osaka, it is convenient to stay in the central business area of Umeda. Umeda station is one stop from the terminal for the Shinkansen (bullet train), which links Osaka with Tokyo. The Hilton, Westin and Hankyu International hotels, which all have shuttle bus services from Umeda station, offer packages that include a night's accommodation and breakfast for about ¥20,000 (£130).

If accompanied by your spouse or family, you could stay in Kyoto or Nara, which are within commuting distance of Osaka. Both cities have a range of accommodation: from low-cost business hotels for the budget traveller suffering from the rise in the yen, to some of Japan's most traditional and expensive ryokan inns, which offer guests a zen-like atmosphere of serenity.

Wristwatches and brown paper socks

Michael Skapinker on responses to his request for tips on avoiding jet lag

Do not eat while you are flying was the advice we gave readers of this page several weeks ago. Consume as little food as possible and as many non-alcoholic drinks as you can - and you will never be troubled by jet lag again, we said.

Many of the travellers who responded to our request for further tips agree. Most add another piece of advice: the moment you step into the aircraft, begin adjusting to the time at your destination. Andrew Marjoribanks of Glasgow recommends purchasing a watch with two time displays: one with old-fashioned hands and one digital. Set the hands to the time at your destination and leave the digital display on home time.

One of the criticisms of our no food or alcohol suggestion is that it does not sound much fun. A New York reader argues in favour of the odd alcoholic drink, provided you have plenty of water. Do not drink anything carbonated, he adds.

Others say that the answer is not abstinence, but eating and drinking quantities appropriate to the meal you would be having if you had already arrived. So if the cabin crew is serving dinner when it is breakfast time at your destination, treat the meal as if it were breakfast - that is, do not overeat and avoid alcohol.

Adjust your sleep as well. Sleep when you would be doing so at

your destination. This assumes you can sleep on aircraft at all.

Jeff Bowman, an international tax specialist at accountants Price Waterhouse in London, says the key to better sleep is to fly economy. Try to find some empty seats - the best place to look is at the rear of the aircraft, just in front of the smokers. Most non-smokers avoid this section if they can; Bowman copes by turning up the overhead air jets. Lift up the arm rests (which you cannot do in business class) and stretch out.

The Insomniac Cure Group, based in Bristol, suggests that you spend as much time outside as you can when you arrive. It says: "Nothing does more to acclimatise you to your destination than getting out into the daylight as soon as possible after arriving. The subtlety of light is essential information for the brain, which helps to re-synchronise your body clock system." Finally, the mystery of the brown paper socks. We reported reading that cutting out pieces of brown paper and putting them in your socks is the way to beat jet lag. You can then eat and drink anything.

Lynda Davies and Liz Carr of the marketing department of Imperial College, London, say they tried this on a recent flight home from New York and it worked. Unfortunately, despite working for a leading scientific establishment, they cannot find anyone who can explain why.



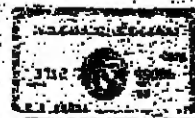
THE AMERICAN EXPRESS "I must

have eaten something weird,

can you help me find an

English speaking doctor" SERVICE.

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THERE IS ONLY ONE AMERICAN EXPRESS.

PEOPLE

Alitalia tries to fly higher

Robert Graham learns what Roberto Schisano intends for Italy's state airline

The call for Roberto Schisano came out of the blue from a head-hunter: "Would you be interested in serving your country?"

It soon transpired that serving his country meant overhauling Alitalia, Italy's loss-making national airline. For the 51-year-old Schisano, president of Texas Instruments Europe, it was a challenge he accepted.

Having spent his working life with the US electronics multi-national, the prospect of applying his knowledge of American management techniques to shake-up an ailing state airline was irresistible. It was also the first time the chief executive of any Italian state enterprise has been actively head-hunted.

Since February he has been installed as chief executive in Alitalia's cavernous new headquarters, mid-way between Rome and the city's Fiumicino airport - a building he will almost certainly sell-off as part of the airline's rationalisation.

"When I came to Alitalia, I told everyone I was a frequent flyer clocking up thousands of miles annually; but I only ever flew Alitalia when it was unavoidable," says Schisano. Such blunt talking is an essential part of the new management style, which in five months has brought about what is arguably the biggest ever cultural revolution in an Italian state enterprise. He has broken down entrenched union resistance to change, and Alitalia is likely to implement the kind of restructuring programme that Air France, the neighbouring state airline, has tried and failed to do.

"The (recent) agreement with the unions is the first building block for a new era in relations in which we must decide we have a common objective - to work together to stay in the market," he observes. The core of the agreement centres on a near 20 per cent cut in the 20,000 strong

workforce; the end of restrictive practices among cabin crew; the switching of crews among different types of aircraft; effective cuts in wages; and longer working hours.

Schisano, who trained as an electronic engineer, began by spending a month between jobs soaking up everything he could about Alitalia. For a while when he arrived he simply listened - to individual managers, to groups and then to two huge assemblies of the workforce.

"The big surprise for me was to discover Alitalia was not a company as I knew one. Rather it was a conglomerate whose professional skills were not being coordinated towards a common goal."

He adds: "Alitalia did not have any identifiable objectives at all. And with time there had occurred a total divorce between people and the company."

Using one of his pithy one-liners, he summed up Alitalia as he found it: "The company had become separated from the market; and the management had become separated from the company." The first situation he was prepared for. The second was unexpected.

Another surprise was the way Alitalia had misplaced its priorities. "The culture of the company rotated round the machines, the aircraft. The rationale was - 'we fly because we have aeroplanes' - rather than 'we fly because we have customers'."

The customer indeed had become forgotten, not least by the flight personnel who were bent on protecting their privileges. Schisano discovered that cabin crew pay was based on 504 separate job considerations, most of which had been individually negotiated between unions and management.

Although he pays tribute to the professional skills inside the airline, Schisano scarcely conceals his dismay at the lack

of competitiveness that existed against other airlines. "Our previous benchmarks were what I call the so-so bunch - the other European state airlines, not those seeking to be market leaders like British Airways or Southwest in the US. And when one mentioned losses, the reply was 'Oh, we're not as bad as Air France'."

Through a combination of badly organised and poorly developed Italian airports, inadequate flight schedules and indifferent service, Schisano reckons Alitalia has been losing 2m passengers a year to competition. Thus to impose radical change and become customer-orientated, the first step was to stop the airline being run like a government department with life-long job security. Management had to be flexible, not rigidly hierarchical, and people had to be properly motivated.

To achieve this, Schisano began with some simple and obvious personnel relations exercises, nevertheless unfamiliar to the Alitalia culture. "I made myself very visible and walked about the building a lot... My first meeting with the unions was carried out everywhere on closed circuit television... I cut out all the awful bureaucratic memos and circulars."

This direct contact in turn helped to produce a creative atmosphere, in which the management could focus on drawing up a restructuring programme to restore profitability and ready the airline for privatisation. The plan itself, designed to raise productivity by 25 per cent and cut operating costs by 12 per cent, was ready by May.

Remarkable by Italian standards, the main union leaders decided in less than two months to back Schisano's tough recipe for saving Alitalia.

"I set out to convince them by showing the figures in easily understandable presenta-



tions and charts," he says with more than a hint of satisfaction. He devised comparative tables to show just how overpaid and unproductive Alitalia had become: cabin crew earned more than double British Airways.

"They could see our costs had been higher than revenues for the past six years... From this I was able to say: either we accept the restructuring plan or we go home."

The threat carried credibility because both the previous Ciampi government and the current Berlusconi administration had made it clear the airline had to stand on its own feet. According to Schisano, the government attitude makes Alitalia's plight different from that of Air France. "Air France still behaves as if it is an arm of the French government."

Unions in strategic public service sectors like transport have traditionally held the company and the public to ran-

NAMES IN THE NEWS

Parker picks his own leaving date

Gordon Parker, the chairman of Newmont Mining, must be the only businessman who has faced up to the attentions of three of the world's most aggressive corporate raiders - Boone Pickens, Lord Hanson and Sir James Goldsmith - and still be in his job, writes Ken Gooding.

Boone Pickens, fresh from raiding the US oil patch, was the first to make a run at Newmont in 1987. Parker beat him off but had to sell most of Newmont's assets to cover the costs and turn to help to the UK's Consolidated Gold Fields, which ended up with 49 per cent of Newmont.

Parker had no sooner started to rebuild Newmont as a gold company - it is now the biggest in North America - when he had to reciprocate by helping Gold Fields ward off Minarco, the offshore arm of Anglo American of South Africa. Gold Fields won after a two-year battle but was in no shape to put up much resistance and was gobbled up by Lord Hanson's outfit shortly afterwards.

That was in 1989. After a year of dancing around Parker, Hanson retired and swapped his Newmont holding for Sir James Goldsmith's North American forestry interests. Through all these tribulations, Parker was protected by a neat legal safety net - anyone who picked up Gold Fields' 49 per cent Newmont stake also inherited a "standstill" agreement preventing them from buying the extra shares to give control.

Sir James tried to wriggle round this by encouraging a merger between Newmont and Peter Munk's American Barrick; that fell apart almost as soon as talks started. Goldsmith gave up and sold all but 4.9 per cent of his

Newmont stake as the gold price went up last year. This left Parker, who joined a Newmont copper affiliate in 1959, once more as Newmont's undisputed boss.

Fittingly as the gold industry's great survivor, Parker, a tall and taciturn man of 58, has dictated when he plans to retire. He will hand over the chairmanship of Newmont to chief executive Ronald Cambre at the end of the year - and not a day before.

Belzberg likes to buy

Brent Belzberg may lack the panache of the Vancouver corporate raiders who made his family famous in the 1980s. But the younger Belzberg seems to be building his business on more solid foundations, writes Bernard Simon.

Belzberg, aged 43, is chief executive of Harrowston, an unglamorous Toronto-based outfit, which rose from the ashes of First City Financial, the Belzberg-controlled group which mounted daring but ultimately self-destructive raids on several North American and European companies in the mid-1980s.

Revived with the help of a capital infusion from institutional investors, Harrowston is quietly buying up victims of North American corporate shake-ups.

Its latest purchase is ICI's polyol division. Together with earlier acquisitions from ICI and EI DuPont, Belzberg has now stitched together a chemicals group with annual sales of some \$250 million. He has also bought a meat retailing business.

Brent is the nephew of Sam and Bill Belzberg, the once-famous brothers who were the driving force behind First City. Sam and Bill have wisely faded into obscurity on the west coast while their nephew tries to rebuild the family's reputation in Toronto.

Emap's handy Francophile

Emap, the successful magazine, newspaper and exhibitions group, is clearly becoming a much more Francophone company,

following last month's acquisition of £108m worth of French magazines, writes Raymond Snoddy.

Emap was already in France through a joint venture with Bayard Press. For the past two years new recruits to the company have been expected to offer another language besides English - preferably French.

The latest acquisitions comprise 28 titles bought from Editions Mondiales, including *Tele Poche*, one of the leading television listings magazines - and *L'Auto Journal* - France's biggest selling motorist journal - bought from Robert Hersant, owner of *Le Figaro*.

The deal makes Emap the third largest consumer magazine group in France, with 860 staff. Clearly, management changes were necessary.

David Arculus, Emap managing director, believes that given the company's growth in France it was important to have senior management on the ground. Kevin Hand, the 43-year-old chief executive of Emap's consumer magazine division, has just been appointed chairman of Groupe Emap, and is heading for France with his family for at least a year to integrate the new titles.

"People say I'll never be back in a year. Then we move on to the exciting part - launches and acquisitions," says Hand.

For the past three years - apart from visiting the French business - he has been working steadily at his French; he now describes his efforts as "pas mal."

He concedes that his French colleagues may win some times at what he does to their language, but he thinks he gets high marks for trying.

"If you don't speak French you are going to get dropped from the team," says Hand, who hopes that increasingly French Emap staff will spend a couple of years working in London and vice versa.

He has no doubt there will be further Emap acquisitions in France. "The calls are already coming - in French," he says.

Hand will remain chief executive of Emap consumer magazines but Tom Moloney, who currently heads four companies covering Emap's teenage, music, entertainment and women's magazines has been appointed deputy chief executive of Emap's UK consumer magazine division.

CONFERENCES & EXHIBITIONS

SEPTEMBER 8
FLORIDA
INVESTMENT SEMINAR
Representatives of the Florida Department of Commerce and selected economic development authorities will hold a seminar Sept. 8 from 10.00 to 12.00 in central London. The presentations will be for manufacturers interested in establishing an affiliate in Florida. Interested parties are cordially invited. For further information please call Lindsay Cameron on 071 727 8388.

SEPTEMBER 13 & 14
INCREASING BUSINESS BY TELEPHONE
September 13 - Incoming Call
September 14 - Outgoing Call
Dealing with incoming enquiries or proactive sales calls, delegates learn how to maximise the potential of every call. £195 + VAT per day fully inclusive. Book both days together for some delegate for £250 reduction - £240 + VAT Contact: Structured Training 0928 337621

SEPTEMBER 13-14
THE LATHAM ACTION PLAN
REDUCING CONSTRUCTION COSTS BY 30%
The Latham Review presented government with recommendations on making UK construction industries internationally competitive. The CPIS contribution set the ambitious target of 30% reduction in real construction costs. Led and reviewed throughout by Sir Michael Latham this conference will show how each sector can contribute to this target. Contact: The Chartered Institute of Purchasing and Supply Tel: 0780 56777 Fax: 0780 51610

SEPTEMBER 19-20
BUSINESS PROCESS RE-ENGINEERING (BPR)
Continuing series of seminars for managers charged with designing and implementing BPR initiatives. Presented by leading US practitioners and BPR author. Proves "how-to-do-it" implementation guide illustrated with case studies and workshops. Course book also available. Over 30 organisations in the private & public sectors have already attended. Repeated November 21-22. Contact: Richard Harris, Vertical Systems Interserve Ltd Tel: +44-155-580566 (24 hours) Fax: +44-155-580561

SEPTEMBER 20
SOUTH AFRICA
A Cityview conference featuring Chris Stals, Sir Evelyn de Rothschild, Elizabeth Bradley, Robert Gray, Basil Hemm, Guy Haislip, M J Lewis, Lucie van der Post. Sponsors: South Africa Foundation, Rothschild, Smiths New Court, Clifford Chance, Coughlin & Lyman. Information from Cityview: Tel: 0225 466744 Fax: 0225 437003

OCTOBER
INVEST IN YOUR EVENINGS
London Business School's long-established finance evening programme for experienced managers and finance professionals starts in early October. The Corporate Finance and Investment Management programmes require attendance on one evening per week and the Masters Degree in Finance requires two years of part-time study. For details call Valerie Morgan on 071 252 5050 or fax 071 252 7875

OCTOBER 3/4/5
CITY INTENSIVE SEMINAR
A programme for new recruits to City. Corporate finance, treasury and financial executives covering structure, market, regulation and world position of the City. Speakers include Michael Cassidy, Scott Dobbie, Sir Michael Palliser and Colin Shannan. KPMG sponsor. Information from Cityview: Tel: 0225 466744 Fax: 0225 437003

OCT. 3 - NOV. 21
FT-CITY COURSE
This course is designed to provide participants with an overview of all the workings of the City of London, paying particular attention to the banking and securities markets. Enquiries Financial Times Tel: 081-673 9000 Fax: 081-673 1335

OCTOBER 4 & 5
FT INTERNATIONAL INFRASTRUCTURE FINANCE
Build-Operate-Transfer (BOT) projects are set to play an important role in major business opportunities for contractors and suppliers in the infrastructure industry. Enquiries Financial Times Tel: 081-673 9000 Fax: 081-673 1335

OCTOBER 6, 7
RAIL PRIVATISATION
THE LEGAL FRAMEWORK
A conference examining legal issues involved in the new railway industry. Supported by Department of Transport, OPRF and Lenders & Payers. Speakers include new Railways Minister John Watts MP & Roger Salmon (OPRAF). Organised by The Waterfront Conference Co. Contact: Claire Deane Tel: 071 730 0410 Fax: 071 730 0460

OCTOBER 12-13
STRATEGIES FOR HIGH-INVOLVEMENT LEADERSHIP
Controlling change; concentrating on high pay-off activities; creating partnerships; strengthening trust; motivating and enhancing team performance; and stimulating innovation. These are some of the issues included in this interactive briefing designed to train executives to operate effectively in empowered organisations. REPEATED NOVEMBER 15-16. Contact: Rachel Thomas or Sarah Peace IBC Technical Services Tel: 071 637 4383 Fax: 071 631 3214

OCTOBER 17 & 18
FT WORLD MOBILE COMMUNICATIONS
Mobile communications is taking centre stage in the worldwide expansion of telecommunications. This two-day conference will bring together key speakers to share their views on the current state of play and the trends that will shape the industry in the future. Enquiries Financial Times Tel: 081-673 9000 Fax: 081-673 1335

SEPTEMBER 29 & 30
DAVISON EUROPE 94
Competition in combination with open access will force utilities to introduce more advanced technologies such as IT/DA/DSM/SCADA/AM/FM/MS/AMR. At this conference & exhibition the latest developments will be discussed and shown by the major companies and utilities. High level. Contact: Paul Wall C&E Tel: +31-30-650-9603 Fax: +31-30-650-9628

OCTOBER 17-21
CREDIT ANALYSIS WORKSHOPS
Thomson BankWatch, the international credit rating and analysis agency, is running a series of credit analysis workshops. The topics being covered are: Sovereign Risk, Securities Firms, Techniques of Bank Analysis and a Survey of the Major OECD Banks and Systems. For full details please contact Ian Rothery 071-353-1768 Fax: 071-353-0408

OCTOBER 20
THE NUCLEAR REVIEW
This conference examines the UK nuclear industry's future in light of the nuclear review. It will analyse the industry's position, reorganisation, market needs and economic prospects as well as risk and safety aspects. Speakers include: Tim Eggar MP, Minister for Energy. Contact: Oonagh Goodman, The Waterfront Conference Co. Tel: 071 730 0410 Fax: 071 730 0460

OCTOBER 26 - 27
RE-ENGINEERING, PROCESS MANAGEMENT AND PERFORMANCE IMPROVEMENT
Europe's leading conference and exhibition devoted to exploring how to apply business re-engineering strategies to achieve quantum leaps in corporate performance. Designed to meet the needs of your whole re-engineering team, from executive sponsor to those involved in planning and implementing projects. Contact: Business Intelligence Tel: 081 544 1830 Fax: 081 544 9020

NOVEMBER 24
PRIVATEISING AIR TRAFFIC CONTROL
Conference examining the implications of privatising air traffic control. Experienced aviation professionals will explore service regulation and delivery as well as the financial and legal structures available. Speakers include: Viscount Goughie, Minister for Aviation and representative from NATS, the CAA and the aviation industry. Contact: Oonagh Goodman, The Waterfront Conference Co. Tel: 071 730 0410 Fax: 071 730 0460

INTERNATIONAL
SEPTEMBER 27-29
DAVISON EUROPE 94
Competition in combination with open access will force utilities to introduce more advanced technologies such as IT/DA/DSM/SCADA/AM/FM/MS/AMR. At this conference & exhibition the latest developments will be discussed and shown by the major companies and utilities. High level. Contact: Paul Wall C&E Tel: +31-30-650-9603 Fax: +31-30-650-9628

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TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE.

Tropical hardwood trees are more valuable to loggers than other trees in the rainforest.

High prices for hardwoods mean that loggers have no qualms about destroying other trees that stand in their way.

So a WWF project in Costa Rica is searching ways of killing a tree without bringing down several others around it. And how to remove it without bulldozing a path through the surrounding trees.

If the rainforest are used wisely, they can be used forever. Help WWF prove this in rainforest around the world, by writing to the Membership Office at the address below.

 WWF World Wide Fund For Nature

(World Wide Fund For Nature) International Secretariat, 170 Chancery, London, W1A 0AA

DIVIDEND & INTEREST PAYMENTS

TODAY
AT & T \$0.33
Aberdeen Gas Anns. 12.5p
Abstrut Pl. Inc. Inv. Tst.
3.28125p
Acel 4.5p
Acer 4% Bd. 2001 \$400.0
Allied Lon. Props. 10% Cm. Pl. 5p
American Tst. 5% Cm. Pl. 2.175
Attwoods 1.75p
BBA Grp. 5% Cm. Pl. 1.75p
BLP Cv. Pl. 4p
Banco Santander Pts \$0.0
Bell Atlantic \$0.69
BellSouth \$0.69
BOC 11.8p
Cons 4% Ln. £2.0
CALA 4% Cm. Pl. 1.4p
Campbell Soup \$0.28
Dalgely 4.85% Cm. Pl. 2.425p
Dejany 1.17p
Doverish (JA) 3.85% Cm. Pl. 1.3p
Dudley Mat. Borough Council 7% Ln. '19 £1.3282p
Dunedin Inc. Growth Inv. Tst. 3.5% Cm. Pl. £1.75
Do. 11 1/2% Db. 2016 \$5.75
Essex & Suffolk Water A 40.58p
Do. NVtg. B 40.58p
Fleming Inc. & Cap. Inv. Tst. 1p
Do. Units 1p
Fleming Mercantile Inv. Tst. 1.675p
Do. 2.8% Cm. Pl. 1.4p
Do. 3.5% Cm. Pl. 1.75p
Govett Strategic Inv. Tst. 5% Cm. Pl. 1.75p
Granada Cv. Pl. 3.75p
Healthcare Ops. Class A Mtg. Bckd. FRN '21 £138.72
Janner Princes St. Edinburgh 10% Cm. Pl. 5p
Johnson Matthey 8p

Kitty Little 1p
Land Sec. 10% Mtg. Db. '30 \$5.0
Do. 9 1/2% Cv. Bd. '04 £234.375
Law Debenture 3.85% Cm. Pl. 1.925p
Lewis (J.) 5% Cm. Pl. 1.75p
Do. 7% Cm. Pl. 2.45p
Lincoln National \$0.41
Lynx Hldgs. 0.36p
Macallan-Glen. 7% Cm. Pl. 3.5p
Manchester 3% '91 Rd. £1.50
Merchants Tst. 3.65% Cm. Pl. 1.825p
Met. Water New River 3% Db. £1.50
Microtek Int. 3.5% Bd. '01 \$350.0
Mitsubishi Electric Y4.0
Nat. Home Loans Sec. FRN '95 \$1.58
North East Water 4.25% Rd. Db. '12 £2.125
Do. 5.25% Rd. Db. 2012 £2.625
North East Water 12% Rd. Db. '04 £6.0
Nymex \$0.59
Oceanoys 6% Cm. Pl. '99 5.58904p
Portsmouth & Sunderland News. 7.52p
Quality Care Homes 1.5p
Quebec Central Rail. 1st. Mtg. 4% Db. £2.0
Rollo-Royce 11 1/2% Nta. '98 £116.25
Scottish Inv. Inv. 9 1/2% Db. '20 £4.875
Do. 12 1/2% Db. 2012 £6.1875
Scottish & Newcastle 7% Cv. Pl. 3.5p
Shell Trans. 7% Cm. 2nd Pl. 2.45p
Southwestern Bell \$0.395

Throgmorton Dual Tst. 1.75p
Torchmark \$0.28
Tishco Steel Ent. 4% Bd. '01 \$400.0
US West \$0.535
Walker Greenbank Cv. Pl. 3.25p
Whitbread 4 1/2% 2nd Cm. Pl. 1.575p
Witan Inv. 2.7% Cm. Pl. 1.35p
Do. 8 1/2% Db. 1990/95 £3.375
Young & Co's Brew. 4.2% Cm. Pl. 2.1p
Do. 9% Cm. Pl. 4.5p

TOMORROW
Anglo American Corp. SA R3.0
BAA 11.25p
Courtaulds 10.8p
De Beers 40% Gross Pl. R1.0
Do. 8% Gross 2nd Pl. R0.04
EFM Inc. Tst. 1p
Enlight (B) 1p
Griffithland West Diamond R0.205
Harris (Philip) 4.85p
London Ind. 5p
Metasec 2p
Monks Inv. Tst. 5p
Norcross 3.5p

WEDNESDAY AUGUST 3
Borthwick 0.8p
Bradford & Bingley Bldg. Scty. FRN Feb. '99 £135.48
Bulfinch (AF) 0.25p
Do. A NVtg. 0.25p
CSF ASO.13
Cable News 1.5p
Delectable Gold Mining R1.0
Driefontein Cons R1.80
Elect. Data Processing 0.657p
Fleming Cont. European Inv. Tst. 2.2p
Gold Fields Coal R0.45
Kloof Gold Mining R1.20
LPA Inds. 0.8p

THURSDAY AUGUST 4
Hardy Oil & Gas 1p
Hocking Pentacost 3.05p
Read Exec. 1p
Second Cons. Tst. 1.5p
Warburg (SG) 6.5% Sb. Bd. '08 £32.50

FRIDAY AUGUST 5
Archimedes Inv. Tst. 9p
Assoc. Brit. Foods 5% Cm. Pl. 3p
Bradford Property Tst. 3.6p
Bridgord 0.1p
Cambridge Water 125p
Cape 8p
Chloride 6% Cm. Pl. 2.1p
Control Techniques 2.8p
Cosmos Sec. FRN Y1716438.0
EMAP 6.4p
Environmed 0.2p
Fannerch 2.8p
Farrar 0.5p
Health (CE) 11p
Hesbrievs Brewery 1p
Do. A Lin/Vtg. 1p
Kershaw 8% (A) Cm. Pl. 4p
Do. 12 1/2% B Non Cm. Pl. 1.96875p
Lon. & O'Sea Freighters \$0.0075
Marks & Spencer 6.7p
Pall \$0.0925
Randfontein R1.80
River & Mercantile Am. Cap. & Inc. Tst. 1.8p
Southwates 2p
Unigate 11.3p
Valeon & Philip 4.7p
Western Aster Gold R2.0
Whitbread 13.8p

SATURDAY AUGUST 6
Marston Thompson & Evershed 4.36p
Treasury 7% Cv. 1997 £1.3808
Treasury 9% 2012 £4.50

UK COMPANIES

TODAY
COMPANY MEETINGS:
Harrowston Securities, London House, London Road South, Poynton, Stockport, 12.00
Vibrant, Old Swan Hill, Harrogate, 1.00
BOARD MEETINGS:
Fidelis
Andrews Dylas
Brandon Hirs
Dartford
TR Smaller Co's Inv. Tst.
Informa
Hobey National
Cometdale
Seaborn
TOMORROW
COMPANY MEETINGS:
Bulfinch (AF), Blyden Road, Basing, 10.00
Easton, 3.00
Mannings, Sealand Road, Chester, 11.00
Bedford, Haverhill Theatre, Crawley, West Sussex, 10.30
BOARD MEETINGS:
Fidelis
Bulfinch Smaller Co's Inv. Tst.
Rapid Placid
Hawthorn & Grosfield
Lincoln House

Edinburgh New Tiger Tst.
Hobley Protection
Law Debenture
Nat West Bank
TR Pacific Inv. Tst.
Yorkshire Chemicals
WEDNESDAY AUGUST 3
COMPANY MEETINGS:
Allied Colloids, Shute Norfolk Gardens Road, West Wight, Bradford, 12.00
Asprey, The Westbury, Bland Street, 12.00
Meyfair, W., 12.00
F&B, 12.00
Northern Elect., Marlott Hotel, Metro Centre, 12.00
Savoy Hotel, Strand, W.C., 12.00
Savoy Hotel, Strand, W.C., 11.45
Salford, 144, Great North Way, Hendon, N.W., 3.30
Yorkshire Black, Leeds Town Hall, 10.30
BOARD MEETINGS:
Informa
Fidelity Smaller Co's Inv. Tst.
Hawthorn & Grosfield
Lincoln House

Trencherwood
Wicks
THURSDAY AUGUST 4
COMPANY MEETINGS:
BTP, Calf Royal, 88, Regent Street, W., 12.00
Bradford Property Tst., Victoria Hotel, Bridge Street, Bradford, 12.00
Crupper (James), Burnside Mills, Kendal, 10.30
Eastern Elect., Cambridge Corn Exchange, 3, Pancras Court, Wheeler Street, Cambridge, 11.00
GB Int., Savoy Hotel, Strand, W.C., 12.00
Health (CE), 133, Hounslow, E.C., 10.00
London Elect., Queen Elizabeth II Conference Centre, Broad Sanctuary, S.W., 11.00
Marston Thompson & Evershed, The Abbot, Shobdon Road, Burton upon Trent, 12.00
BOARD MEETINGS:
Fidelis
Whitbread Placings
Informa
British Acan Aluminium
Ridley Japanese Vehicles
French Property Tst.
Company meetings are annual general meetings convened as stated.
Please note: Reports and accounts are not normally available and approximately six weeks after the board meeting to approve the preliminary results.

Attled Irish Banks
Friends Provident
Glynedd
Kilmont Bannan
Rother
FRIDAY AUGUST 5
COMPANY MEETINGS:
Charles Security, Institution of Electrical Engineers, Savoy Place, W.C., 11.45
Jones & Sherrin, Forest Park Int, Hockley Road, Leicester Forest Int, Leicestershire, 12.00
Lathams (Limes), Limeside West, Clapham, S.W., 12.00
London Elect., Queen Elizabeth II Conference Centre, Broad Sanctuary, S.W., 11.00
Marston Thompson & Evershed, The Abbot, Shobdon Road, Burton upon Trent, 12.00
BOARD MEETINGS:
Fidelis
Whitbread Placings
Informa
British Acan Aluminium
Ridley Japanese Vehicles
French Property Tst.
Company meetings are annual general meetings convened as stated.
Please note: Reports and accounts are not normally available and approximately six weeks after the board meeting to approve the preliminary results.

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ARTS

OPENINGS

COVENT GARDEN



PHOTOS

A bumper for the Royal Opera House's 150th anniversary is being celebrated with a series of events. The first is a gala concert on Sunday, August 1, at the Royal Opera House, Covent Garden. The concert is being given by the Royal Opera House Orchestra, conducted by Sir Charles Mackerras. The programme includes a selection of music from the 18th and 19th centuries, including works by Haydn, Mozart, and Beethoven. The concert is being given in aid of the Royal Opera House's 150th anniversary fund.

ARTISTS

The Royal Opera House is celebrating its 150th anniversary with a series of events. The first is a gala concert on Sunday, August 1, at the Royal Opera House, Covent Garden. The concert is being given by the Royal Opera House Orchestra, conducted by Sir Charles Mackerras. The programme includes a selection of music from the 18th and 19th centuries, including works by Haydn, Mozart, and Beethoven. The concert is being given in aid of the Royal Opera House's 150th anniversary fund.



Peacocks not penguins

Jeremy Isaacs defends laissez-faire dress codes at Covent Garden

Lord Deedes leaned languidly against the wall of my sitting room at the Royal Opera House in the interval of a performance recently, and said: "I believe the last time I was here, we wore white tie." Really, Bill. Was it a grand gala? "Oh, nothing like that." With a pleasant jolt, I realised we were back in another era; dances every night of the season; the bright young things; dressing for dinner; white tie and tails for the opera. Ah, halcyon days! England has moved on since then, and at Covent Garden all are welcome. Some come straight from the office; some straight from the street. Black tie in the Royal Box, gowns and important first nights. But normally, no dressing up. And as far as I can remember, since the gala for the Queen's Silver Jubilee in 1977, not a white tie to be seen.

Clement Crisp, his collar and cuffs as immaculate as his commas and colons, has on this page (July 18) deplored current standards of dress at his favourite theatre, and even claims to detect signs of a national malaise in what he sees. Others take a different view, remarking favourably on the wide range of attire worn nowadays at the Met in New York, or at the Coliseum compared with business suits in the Royal Opera House stalls. The point is worth addressing, but it is not a necessarily a simple one.

In Munich the other night the festival, everyone seemed to have dressed up; the men in variegated finery; some of the women in frocks. But there was nothing formal about it. People came to ballet or opera to enjoy themselves and should dress as if they expect to do so. I am not for any formal requirement to wear particular clothes on an ordinary evening, but I love to see anyone on pleasure bent, even if it is only a dress or an eye-catching tie that sends the signal.

Two factors in London militate against peacocks of the sort one constantly sees at Bayreuth or at Salzburg. Most of our patrons are not on holiday; they come to the opera directly from work and few have time to change before doing so. And then, when folk do dress, when a generous sponsor hosts a party, the men wear black tie. Anything less like a party than 60 men in identical, predictable black and white I cannot imagine; penguins are not peacocks. Come dressed for a party, I would sometimes like to say, in anything but black tie.

Some visitors to the Royal Opera House, particularly in sweltering weather, come very informally dressed. Should we let people in in shorts? Some patrons think not, and occasionally write to me to say so. "I didn't pay £100 for my stalls ticket, to sit next to a sweaty fellow in T-shirt, shorts and sneakers." Now, everyone who pays taxes

contributes to our funding. Everyone who buys a ticket does so also. We are the only publicly-funded opera house in Europe, after all, that earns as much as the box-office as we receive in grant. So all are welcome. We prefer, rather than instituting strict rules or issuing formal warnings about appropriate attire, to leave it to the discretion of our sensitive house management to exclude anyone whose dress will offend. (So far, the right of exclusion has not been exercised.)

Not content with censoring the dress codes, Clement Crisp also thinks that there is too much eating and drinking going on. I cheerfully

plead guilty to catering to our customers' needs. What is true is that we are cramped for space to serve them in.

The Opera House was built in 1859. If you compare a plan of Barry's building with that of any other great lyric house in the world, it is striking to note how much of that space the auditorium itself occupies, and how little is left over for the public, to chat, samter, eat, drink, even - why not? - see and be seen. The Crush Bar is not called that for nothing. And, although there is more demand than we can cope with, we all know that it is less than ideal to seat tables for

supper in the crowded-pit lobby or Crush Bar.

But we need more space to serve our customers in, not a ban on their appetites. When the house is redevelped, as it will be by the millennium, amenity for the public will be vastly improved. New spaces will be added, with restored Floral Hall serving as a great salon and a loggia looking out over the Covent Garden piazza higher up the House. Those who come to the Royal Opera House are entitled to a whole of a time. We shall not rest content until, in every respect that makes an evening happy, they can be certain of doing so.



Halcyon days at the opera: but England has moved on since then

Like it or not, and on the whole they do, Lord Rothschild, chairman of the National Heritage Memorial Fund, and Georgina Naylor, its director, seem destined to become the patrons of our age. From next January, throughout the land, small, and not so small, improvements in the cultural and physical shape of the nation will become apparent - and Lord Rothschild will be approving and Ms Naylor will be signing the cheques.

In this village the war memorial, or the duck pond, might be restored and enhanced; in that small town the derelict Methodist chapel might be converted into an arts centre; in our big cities the municipal art gallery might be showing off paintings that were in danger of disappearing abroad. A cathedral might have its bells restored; a country house secure a visitor centre; a decaying mansion be brought back to life. The British heritage, so long under threat from foreign predators and domestic neglect, is in line for revival.

Lord Rothschild and Ms Naylor will be the conduit for change but the motivating force is, of course, the National Lottery. A fifth of its proceeds destined for good causes, an estimated £150m in the first year rising, hopefully, to £320m.

When the government was looking for institutions to handle the windfalls from the lottery some seemed obvious - the Arts Council was in place to distribute the money going to regenerate arts buildings; ditto the Sports Council. The heritage honey-pot became the responsibility of the National Heritage Memorial Fund, a tiny quango, set up in 1990 by the government in response to public outrage over the sale of one of the nation's most historic stately homes, Mandeville Tower. The task of the fund was to try, with a limited government grant, to prevent any more such scandals.

Undoubtedly the presence, since 1992, of Lord Rothschild as chairman, has given the fund bottom. He spent his early career making money and shoring up the heritage, and then managed to combine the two. He restored one of the great aristocratic mansions of London, Spencer House, and has it out for business and social functions. More recently he gave a facelift to a former family home now in the hands of the National Trust, Weddington Manor in Buckinghamshire.

Lord Rothschild and Ms Naylor have been presented with their tiny organisation. The government has been fairly good (to date) about the lottery, regarding it as additional money and, in theory, pledging to maintain current funding on the arts, heritage and sports. Yet it could not resist cutting its annual grant to the Heritage Memorial Fund by £3m, to £2.5m, for the next three years.

Lord Rothschild has tried to create a new role for the organisation, concentrating its grants on obvious memorial projects, on saving for the nation Nelson's letters, Victorian paintings of Florence Nightingale tending the wounded, and putting money aside for the yet unresolved

Our heritage is in his hands

Antony Thornicroft on the role of Lord Rothschild and the lottery



Lord Rothschild in the central hall of the National Gallery

matter of the Churchill archive. But in three years there is a real danger that the government will allow the traditional grant to wither away.

But this is the least of Lord Rothschild's problems. His main task is to define the heritage and to ensure that the new money is spread impartially across the country. Every region will have its lottery punters and must receive its benefits. Treasured stretches of countryside must be saved as well as paintings and museums. The sums involved will range from the £2,000 needed to preserve a village commons, up to the £200m, which might be required to ensure that the Duke of Sutherland's unrivalled collection of Poussins, Raphaels, and Titians, remain on loan to the National Gallery of Scotland after his death.

About 10,000 requests are anticipated annually and already Lord Rothschild can be seen as the soft cop, prepared to help where he can, while Ms Naylor is the tough cop, worried about establishing precedents and allocating money before it has been handed over.

Already, Lord Rothschild has won two major victories in the run up to the launch. He has persuaded the government to broaden its original criteria and accept that paintings, and other works of art, were objects worth saving with lottery money. Red timing, with an early August deadline, makes it virtually inevitable that Canova's neo-classical sculpture of the Three Graces will leave the UK for the Getty Museum

in California. But if a comparable work appeared on the market in a year's time the odds are it would be saved. Ms Naylor might draw in her breath, but Lord Rothschild boldly hopes that: "the Three Graces should be the last great treasure to go. In future there will be an acknowledgement that we exist to save things."

Lord Rothschild's second success was in persuading the former national heritage minister, Peter Brooke, to allow the fund to give money towards endowment funds for worthy projects. There was little point in contributing towards a new gallery in a museum if there was no money to pay the additional keepers and to preserve the objects.

To a great extent the work of the fund will be defined by the nature of its suppliers. This week the Memorial Heritage Lottery Fund embarks on a proselytising mission around the country, explaining what it can offer. It will also learn more about the needs it will be expected to address. The hope is that it will grow into its job. The payroll has already risen from six to 15. It should level out at 27, a modest task force for the allocation of £150m. But Lord Rothschild, with his own merchant bank, is used to handling vast sums of money. As a former chairman of the National Gallery he also knows his heritage. This very British institution might just have the character and breeding to convert the casual wagers of the public into enduring national treasures.

INTERNATIONAL ARTS GUIDE

BERLIN

- The Gershwin musical *My One and Only*, sung in English by a cast headed by Jodi Benson and Ray Benson, runs till Aug 21 at Theater des Westens (030-882 2838)
- The annual open-air Shakespeare production at Freilichtbühne Zitadelle in Spandau is *Romeo and Juliet*. It runs till Aug 30 (030-331 6920)
- Maximilian Schell stars as Professor Higgins in a German-language staging of *My Fair Lady* directed by Frank Dunlop, opening at the Schiller Theater on Aug 9 (030-313 5031)
- A dance festival opens at Hebbel-Theater on Fri and runs till Aug 28. Visiting artists include Michael Clark (030-251 0144)
- Neeme Järvi conducts the Gustav Mahler Jugendorchester on Sat at the Konzerthaus in works by Strauss and Schoenberg, with piano soloist Hélène Grimaud (030-817 3364)
- Pink Floyd appears at Maifeld Olympia Stadium on Aug 21, followed by Phil Collins

on Sep 1 (030-303800)

- The 1994 Berlin Festival (Aug 30-Sep 29) includes performances by the Berlin Philharmonic under Abbado, Barenboim, Boulez, and Tennstedt, recitals by Pollini, Brendel and Christa Ludwig, guest performances by St Petersburg's Maly Theatre and the Los Angeles Philharmonic, and a focus on the music of Berndt Goldschmidt (030-2548 9250)

COLOGNE

- Alvin Ailey American Dance Theater gives daily performances at the Philharmonie from tomorrow till Sun (0221-2801)

FRANKFURT

- This year's Frankfurt Festival runs from August 26 to October 3 at the Alte Oper. Highlights include concerts by the Israel Philharmonic Orchestra under Georg Solti, the Chamber Orchestra of Europe under Gerard Roedelius, and the Los Angeles Philharmonic under Esa-Pekka Salonen, a performance of Mahler's Eighth Symphony conducted by Marek Janowski, world premieres of works by Wolfgang Rihm, Luca Lombardi and Edison Denisov, and recitals by Anne Sophie Mutter, Mildor and Mitsuko Uchida (069-134 0400)

GENEVA

- The city of Geneva organises a

- series of concerts throughout the summer, often free open-air events. The International music series at Théâtre de Verdure continues with a New Orleans night on Wed and a Brazilian evening on Fri featuring Jose Barreiros Dias. The jazz series at Cour de l'Hôtel de Ville continues next Mon with piano/sex duo Dado Moroni and George Robert. The classical music series includes a concert by the Grenoble Instrumental Ensemble on Sun, also at Cour de l'Hôtel de Ville (022-786 5545/022-312 4353)

HAMBURG

- *My Fair Lady* is in its final week at the Deutsches Schauspielhaus, with Maximilian Schell as Professor Higgins. Aug 10-28: 42nd Street (040-248713)

NEW YORK

- **THEATRE**
● *Angels in America*: Tony Kushner's two-part epic conjures a vision of America at the edge of disaster. Part one is *Millennium Approaches*, part two *Perestroika*, played on separate evenings (Walter Kerr, 219 West 48th St, 239 6200)
- *Laughter on the 23rd Floor*: Neil Simon's 27th Broadway play, about a group of writers trying to come up with a new show, is in its final week at the Booth Theatre, 228 West 46th St, 307 4100
- *Three Tall Women*: a moving, poetic play by Edward Albee,

- dominated by the huge, heroic performance of Myra Carter. She, Jordan Baker and the devil and delightful Marlene Seldes represent three generations of women trying to sort out their pasts (Promenade, Broadway at 78th St, 239 6200)
- *Kiss of the Spider Woman*: Vanessa Williams has taken over Chita Rivera's starring role in the long-running Kander and Ebb musical directed by Harold Prince (Broadway, 235 West 44th St, 239 6200)

- *Guns and Dolls*: a top-notch revival of the 1950 musical about gangsters, gamblers and good-time girls around Times Square (Martin Beck, 302 West 45th St, 239 6200)
- *Damn Yankees*: the big musical hit of 1955 is back in its first Broadway revival, with Victor Garber as the Devil and Edie Lehman as Lola. The director, Jack O'Brien, has extensively re-written the story, about a baseball fan who sells his soul to rescue his favourite team from a losing season (Marquis, Broadway at 49th St, 307 4100)
- *Crazy for You*: the musical based on Gershwin's *Girl Crazy* recently passed its second anniversary on Broadway. A highlight of this giddy entertainment is Susan Stroman's choreography (Sturab, 225 West 44th St, 239 6200)
- *Carousel*: Nicholas Hytner's bold, beautiful National Theatre production from London launches Rodgers and Hammerstein towards the 21st century (Vivian Beaumont, Lincoln Center, 239 6200)
- *Tommy*: a musical written and composed by Pete Townshend, based on the 1969 rock opera by The Who, about a withdrawn young

- boy who becomes a pinball wizard (St James, 246 West 44th St, 239 6200)

- *Tony 'n' Tina's Wedding*: a wedding at St John's Church, 81 Christopher Street, followed by a reception at 147 Waverly Place, with Italian buffet, champagne and wedding cake. Wonderfully tacky - but it's lasted a lot longer than many marriages (279 4200)

- **MUSIC**

- The Lincoln Center's Mostly Mozart Festival runs daily except Sun till Aug 20. Adam Fischer conducts the Austro-Hungarian Haydn Orchestra in tonight's programme of Viennese classics. Mark Elder conducts the Mostly Mozart Orchestra tomorrow and Wed in works by Beethoven, Brahms and Mozart, with violin soloist Itzhak Perlman. There is no Thursday concert this week. Hermann Prey and Shlomo Mintz are soloists on Fri and Sat (875 6030)

- **PRAGUE**

- Prague Musical Summer, a concert series organised by the Prague Symphony Orchestra, runs till Sep 6 in three venues - the Church of Saints Simon and Jude, the South Garden of Prague Castle and the Dvůrák Hall of the Rudolfinum. This week's programme includes a chamber music concert by Consortium Pragens on Wed featuring works by Vivaldi, Handel and Mozart, and a recital by the Kocian Quartet on Thurs. Next week's highlight is a concert by the Gustav Mahler Jugendorchester conducted by Neeme Järvi (02-2489 3111)

- Tickets and information for other events can be obtained at Bohemia Ticket International at Na Příkopě 18 in the city centre (02-2421 5031) or from abroad at BTI, Salvatorova 6, 11000 Prague 1 (tel 02-2422 7832 fax 02-2481 0368)

STUTTGART

- **LUDWIGSBURG FESTIVAL**
Christoph Eschenbach joins the Houston Chamber Players in chamber music by Poulenc, Strauss and Brahms on Sat. Later in the evening, Philippe Entremont gives a piano recital. Mstislav Rostropovich is cello soloist on Sun with the Lithuanian Chamber Orchestra. Forthcoming events include song recitals by Edith Wiene and Simon Estes on Aug 13, the Cleveland Orchestra under Christoph von Dohnányi on Aug 25, and the Pittsburgh Symphony Orchestra on Aug 28 (07141-939610)

VIENNA

- The Roman ruin in the park of Schönbrunn, the former residence of the Hapsburgs, provides an open-air venue for the Wiener Kammeroper's summer performances. The next production is Don Giovanni, opening on August 9 (01-513 0851)
- Vienna's summer concert series, Klangbogen Wien, to August 30 at various venues. This week's highlights are a programme of Viennese classics conducted by Yehudi Menuhin on Wed and a Mozart concert on Thurs, both at the Rathaus Arkadenhof (01-4000 8410)

ARTS GUIDE

- Monday: Performing arts guide city by city.
- Tuesday: Performing arts guide city by city.
- Wednesday: Festivals guide.
- Thursday: Festivals guide.
- Friday: Exhibitions Guide.

- **European Cable and Satellite Business TV** (Central European Time)
MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

- **MONDAY**
NBC/Super Channel: FT Reports 1230.

- **TUESDAY**
EuroNews: FT Reports 0745, 1315, 1545, 1815, 2345

- **WEDNESDAY**
NBC/Super Channel: FT Reports 1230

- **FRIDAY**
NBC/Super Channel: FT Reports 1230

- **SUNDAY**
NBC/Super Channel: FT Reports 0430, 1730,

Handwritten signature: "J. J. J."

Samuel Brittan

Student loans need improvement



It is usually said that the idea of a student loan scheme - whether socialist or Keynesian - has not been tried. Most of these ideas have been tested to destruction by fallible human beings, and there is no point in invoking perfect versions operated by archangels.

Where, however, a scheme is in its very early stages, there is a case for reform before judgement. This applies to Britain's student loan scheme, inaugurated in 1991. One of the pioneers of the idea in a local publication in 1984 was Professor Edwin West. He has returned to the charge in a paper entitled *Britain's Student Loans: A Critique* (Continuum, £4.95).

The basic view of the student loans or their equivalent is that they are a necessary evil. Graduates at a higher income than the rest of the community. The conventional explanation is that they benefit from an investment in human capital which increases their earnings. The more heretical explanation is that degrees and diplomas act as a 'filter' which helps employers to choose the better and more industrious recruits for their positions. Irrespective of the value of what they have learned, on either theory the graduate has on average a better lifetime earnings prospect than the non-graduate.

If living and tuition costs are completely paid for by the taxpayer the result is a regressive

transfer from the poor off to the better off. On the other hand some mechanism is required to assist students who are not easily able to borrow large sums in the market. The solution is a state-supported loan scheme, which graduates must repay when they can afford to do so. The scheme must be designed so that any benefits to the whole economy from the existence of trained graduates should be recognised by a grant to the student support, and that the individual should be compensated by a loan element.

The British government has accepted this thinking de facto. As the table shows, public expenditure on loans and maintenance is already higher than it was last year and is expected to fall further. The gap is being filled by student loans, which should account for some 30 per cent of the total expenditure by the government.

The knee-jerk objection to student loans getting into debt is misguided. Debt is a normal feature of business and personal life, and is not a sign of failure. People when they buy a house, for example, are given a mortgage charge - which makes it easier to finance their purchase. The government is worried by the exchequer burden and is contemplating a change to the way it finances its loans.

Several decades ago Professor Harry Johnson warned that a large student class, living at a sub-proletarian standard of living, was a recipe for trouble. It need not occur with student arrangements for shifting the burden of expenditure and payments over a graduate's lifetime.

EXPENDITURE ON MANDATORY STUDENT AWARDS AND LOANS (ENGLAND AND WALES) £m

FY	1991-92 actual	1992-93 estimated	1993-94 estimated	1994-95 plan	1995-96 plan	1996-97 plan
Of which: grants	114	108	103	470	608	608
Of which: loans	1,172	1,530	1,544	1,171	1,011	1,044
Maintenance expenditure	1,008	1,008	1,008	2,706	2,706	2,706
Total loans and maintenance expenditure	2,089	2,704	3,020	2,706	2,706	2,706

* Total, based on unrounded figures, may not always equal the sum of the components

Source: Department for Education, March 1994

THE FT INTERVIEW: Arthur Levitt, chairman of the SEC



Mr Arthur Levitt has a reputation for not rocking the boat. At head of the Securities and Exchange Commission, the main investment regulator in the US, the 56-year-old Mr Levitt has shown not to force extra regulations on the US investment industry.

Instead, he has sought an accommodation with market managers and investors. But that does not stop him taking a swipe at the fastest-growing part of the US stock-broking industry, the "soft commission" business. Critics claim soft commissions are a form of legalised corruption: an institutionalised way to channel a portion of his securities business through a particular stockbroker in return for services, such as the provision of a Reuters screen. The value of commissions with such strings attached exceeds \$100 a year.

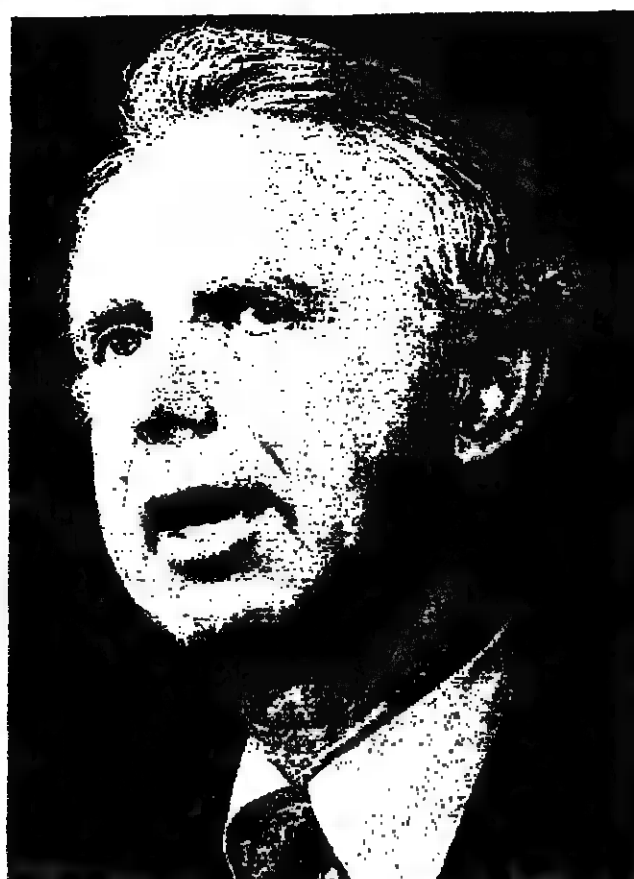
The practice (known in the US as "kickbacks") should be banned, Mr Levitt says. "It doesn't feel right, smell right or look right."

He admits such arrangements have been part of the life "since the days of Hadrian". But that does not make him any more comfortable with them. "I like to do things with soft dollars? Yes. Can I do it? No. For me, the issue is the early stages of launching a review of the law."

If his determination to take action against soft commissions is followed through, he will face considerable opposition from those who benefit from them: principally the big investment banks. To provoke such a confrontation would be uncharacteristic for an SEC chairman who has been a consummate diplomat, striving to please both his constituents on Wall Street and the politicians in Capitol Hill, in whom he is answerable.

Take his approach to the markets for derivatives, the complex instruments whose value is based in part on some underlying financial market. The world of trading in derivatives, the increasing complexity of some of the instruments and their potentially devastating effect on other financial markets have worried many in Washington. Since 1988, Mr Levitt has been a repeat of the 1980s savings and loan crisis, when deregulation led to the collapse

Softly, softly along Wall Street



Levitt on the offensive against "soft commission" business

of many of the country's thrift institutions at an estimated cost to the taxpayer of more than \$100bn.

Yet Mr Levitt has argued against legislation to extend his agency's powers in this area. Securities firms, which are regulated by the SEC, run their derivatives businesses through subsidiaries which are outside the scope of the agency's powers. Instead, Mr Levitt began negotiations last month with the six largest derivatives dealers on Wall Street - CS First Boston, Goldman Sachs, Lehman Brothers, Merrill Lynch, Morgan Stanley and Salomon Brothers - to create a set of voluntary standards that would govern firms' activities in the market.

"I have a general reluctance to making legislation at this point, because it will take time to get legislation, and you cannot be certain that the legislation might not be the best process is cumbersome and unpredictable," he says.

The approach is causing concern among some legislators. "I have a general reluctance to making legislation at this point, because it will take time to get legislation, and you cannot be certain that the legislation might not be the best process is cumbersome and unpredictable," he says.

Mr Levitt appears anxious not to provoke a confrontation with the market. Legislation may be passed in due course to provide a legal basis for a voluntary approach, he says.

He also points out that the SEC is putting pressure on the investment industry to reform the rules involved with derivatives by other means. Last month Mr Levitt warned that the use of "exotic" financial products was inappropriate for some supposedly low-risk mutual funds (similar to unit trusts in the UK). He was concerned that complex financial instruments were being

used without being fully understood. He urged such funds to sell their holdings of risky derivatives.

To date, the writing of a letter to the SEC chairman has been a rare sight. Mr Levitt's approach by saying: "I've tried to be as lenient as possible rather than confrontation. I believe that, in running any institution, it's a good idea to change the style every four or five years. If the style of my predecessor (Mr Richard Breeden) was more confrontational, mine is more consensual."

His concern about mutual funds' involvement with derivatives highlights another priority Mr Levitt has set himself: better protection of the small investor. "I have moved the SEC towards an investor-con-

sumer bias and away from an institutional bias," he says.

One example of his efforts to protect investors was his response to criticism that mutual fund managers faced a conflict of interest when dealing in funds they owned personally. Mr Levitt believed there was a danger of undermining individual investors' confidence in the fund industry.

Earlier this year, he urged the Investment Company Institute, a trade association for US mutual funds, to introduce a code of practice on the subject.

While he gets broader protection at the SEC, Mr Levitt has been busy encouraging more foreign companies to raise money on US stock exchanges. He has visited Germany twice this

year for that purpose.

A year ago, when Daimler-Benz became the first German company to list on the New York Stock Exchange, it seemed a watershed. But no further listings have followed. Mr Levitt believes more will come soon. "I think that, five years from now, this market will be looked back upon as an aberration. We've thrown a lot of effort into this. It's a major initiative for me."

Always, Mr Levitt is keen to be obliging and to examine the impact of SEC rules that might be off-putting to foreign companies. The SEC's new policy, he says, has been "to look out for those that are either poorly understood (by foreign companies), or controversial, and see whether they're fundamental to my goal of protecting American investors. If they're not fundamental to that, I'll seek an exemption."

That does not mean, though, that the SEC is about to make big changes to help foreign companies. On the contrary, whether non-US companies should be forced to follow US accounting and disclosure rules, Mr Levitt does not budge.

When the American Stock Exchange, Mr Levitt argued for the relaxation of regulations to make it easier for foreign companies to list on US exchanges. Now, he says, his views have changed. "Probably nothing that more for me than Daimler. When they listed, if they had used German (accounting) standards they would have shown earnings that were a multiple of Chrysler's, but using US standards... they showed a loss. It's impossible for us to justify to US companies or US investors that inconsistency."

Despite this, the SEC chairman insists that promoting US markets internationally remains one of his main priorities. When points of great importance are not involved, his style has been flexible. Procedures for admitting foreign companies have been streamlined, for instance. "I'm absolutely committed not to lose America's pre-eminence in this area, and I'll do whatever I have to do to accomplish that."

Patrick Harverson and Richard Waters

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and hand written. Please set fax for finest resolution

Rwanda tragedy could have been averted

From Mr Joe Hill

Sir, I was delighted, for the most part, with Edward Mortimer's article, "High price of dallying" (July 27). Mortimer hits the nail on the head when he says it is futile for member states to blame the United Nations for not acting quickly enough in situations of crisis when they themselves do not provide the organisation with the tools to do so.

I do not think this is the time to apportion blame; the "international community" is finally rushing to the aid of the desperate people of Rwanda. But could not much of this tragedy have been averted had the member states of the United Nations heeded the repeated appeals of the secretary-general to help that bleeding nation back in May?

Indeed, I fully equipped forces had been committed in various national armies around the world, as suggested by UN Secretary-General Boutros Boutros-Ghali in his Agenda for Peace two years ago, then the UN could have acted more effectively in stopping the carnage in Rwanda.

By warning the Security Council that the UN might be forced to withdraw its personnel from Bosnia-Herzegovina if the peace proposals presented by the "contact group" were accepted or rejected by the parties, the secretary-general was merely being realistic. If the proposals were accepted, enforcing them

would require 60,000 troops, far beyond the means or political will of the member states. As we have experienced the situation in Bosnia, if they were rejected and "disincentives" imposed, that would once again endanger the lives of the peace-keepers.

Member states need to decide what they want their UN organisations to be - a relic of the cold war, a timid tiger, or an effective, credible defender of world peace?

The only point in the article which I object to is the author's suggestion that the UN's Department of Public Information be shut down because it spends its money on journalists' tours of the Middle East rather than on peacekeeping in places such as Rwanda. In fact,

it is difficult to get the member states to approve funds for UN peacekeeping. The effective station in Cambodia was approved only mid-way in the mission, and a request for funds for a mission in the former Yugoslavia is still encountering difficulties.

In contrast, journalists' tours of the Middle East are funded and specifically mandated by the General Assembly. To suggest that the department should be closed down is as if I were to suggest closing the FT because of one article I did not like.

Joe Hill, spokesman for the Emergency General, United Nations, New York, NY

Different interpretation

From Prof G Maynard

Sir, My letter on the foreign exchange market (July 23), now challenged by Professors Thirlwall and Kennedy (July 27), was based on the conventional ignorance gratuitously attributed to me than on an interpretation of the following developments. Since the early 1980s, the US current account has moved from rough balance to a deficit of more than 2 per cent of GDP. In the same period, the US's real effective exchange rate has depreciated and real unit labour costs have fallen both by about 30 per cent; gross national saving as a per cent of GDP has declined from 20 per cent to near 14 per cent; and US GDP has risen by nearly 3 per cent a year while unemployment has fallen from 8 per cent of the labour force to just above 6 per cent.

Do these statistics suggest that the economic growth has been fuelled by excessive saving and an overvalued exchange rate, a possibility that Thirlwall and Kennedy appear to have in mind? Or do they support the view that

the US's trade problem (if there is one) lies in the country's low propensity to save, not in an international exchange rate?

When preparing their tutorial, Professors Thirlwall and Kennedy will no doubt bear in mind that in this period the current balances of Japan and Germany rose as a proportion of GDP, at least until German reunification put a special strain on Germany's saving. In both countries, also, gross national saving as a per cent of GDP rose strongly, as did their real effective exchange rates. Japan's GDP growth rate was 4.5 per cent, while that of the US was 3.5 per cent. Germany's was 3.5 per cent.

I do, of course, agree that the US suffers from "deeply rooted" problems, as do the UK, France, Germany, Japan, Italy and, although the reasons of these problems no doubt varies from country to country, Geoffrey Maynard, Investcorp, 63 Brook Street, London W1T 1YE

Added value should be real measure for R&D

From Mr J Kenneth Henry

Sir, Since publication of the Department of Trade and Industry's report on R&D (Technology: T&D Scoreboard, June 17) there has been much discussion on the subject - yet none about the fact that there is little correlation between R&D and sales, on which the study was based. R&D should be measured in relation to added value created - that is, sales less bought-in materials and services.

An up-to-date analysis of the FT-SE Non-Financial companies shows that 40 per cent of the companies increase R&D expenditure rather than the 30 per cent implied in your article. Of the remaining 60 per cent many are in distribution and others which incur no significant R&D expenditure. For example, Marks and Spencer does not show any R&D but its sales are rising by 10 per cent.

The general manufacturing sector of the FT-SE shows an average of 1.0 per cent of sales being spent on R&D but 0.5 per cent of added value. One company which is greatly affected is Rolls Royce which spends 1.5 per cent of sales but 3.02 per cent on added value. Consumer goods, including pharmaceuticals, has averages of 0.8 per cent on sales and 2.0 per cent on added value. For the last three years, from 1991 to 1993, the average for the FT-SE was 1.4 per cent, for 1994, 1.4 per cent.

This analysis shows that total R&D expenditure has risen by only 4.5 per cent in the latest year against a 5.5 per cent increase in sales and 4.3 per cent on added value. However, the situation in the general manufacturing sector is much worse with a 7.2 per cent drop in the latest year. This has been offset by an 18.74 per cent increase in the consumer goods sector.

Comparing R&D with dividends makes an interesting headline, but is it really a fair basis? Do dividends depend more on national practice? Companies with low dividend practices will always come out favourably.

Having undertaken analyses of international performance, I know that it is not possible to add value from R&D. Japanese and similar economies. Nevertheless, it can be done for all major European countries. A study using added value would then be restricted to most Europe but would be much more useful.

Britain's gross domestic product shows a national wealth. Added value shows our industrial and commercial wealth. We should be using the output measurement of added value. We should be using the one on R&D. J. Dennis Henry, VJ Consultants, 11 Clydesdale Drive, Botolph Claydon, Suffolk IP19 2BB

A poetical piano performance

From Mr John Hollingworth

Sir, I object to Edward Fairman's patronising remarks about Kathryn Stott's performance at the Rachmaninov Third Piano Concerto (Arts, July 28). I listened to it

and found her performance poetical, rich and moving.

John Hollingworth, Abbey Villa, Stroud, Gloucestershire, GL8 1BA

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Monday August 1 1994

A chance to help Kiev

After three years of inept economic policy, Ukraine finally has a government which appears ready to implement market reforms.

Ukraine's new president, Mr Leonid Kuchma, sent a strong signal of his intentions by telephoning the International Monetary Fund the day after his election. The IMF responded with commendable speed: last week Mr Michel Camdessus, the managing director, flew to Kiev and offered to help Mr Kuchma write an economic plan. The US, which appears to have recovered from its initial distaste for Ukrainian independence, has followed suit, dispatching Al Gore, vice-president, to Kiev tomorrow.

Sceptics may argue that it is too early to judge Mr Kuchma's policies. Nevertheless, the IMF and the US were right to seize the opportunity to encourage reform, not least because of Ukraine's size and crucial geo-political location.

A stable and prosperous Ukraine would be one of the best guarantees against the emergence of a neo-imperialist Russia and a welcome neighbour for the economically more robust, but politically vulnerable nations of eastern Europe. However, continued economic deterioration could inflame both nationalists in the west of the country and separatists in the east, creating conditions that might lead to civil war.

That is why the west must follow up its flurry of flights to Kiev with a concerted effort to nudge Ukraine on to the right economic course. The IMF has already offered Mr Kuchma its usual advice: support the tight monetary policy of Ukraine's surprisingly good central bank, produce a budget which is balanced, or nearly so, and liberalise the country's economy from the restrictive administrative bondage which is restricting the development of its potentially vibrant private sector.

Currency stability

This is sound policy so far as it goes. But Mr Kuchma should be urged to go further and the IMF and the Group of Seven leading industrial countries should be urged to give him the wherewithal to do so. One need is to make a commitment to exchange-rate stability. Another is to yoke sound macro-economic policies to radical

structural reform. For Ukraine, that means starting to shut down inefficient heavy industries, while creating a social-welfare net able to support the workers who will lose their once secure jobs.

Paradoxically, Mr Kuchma, who like Mr Viktor Chornomyrdin in Russia spent his career in the heart of Ukrainian heavy industry, is well placed to deal with his country's rust-belt. He speaks the language of Ukraine's industrial barons and, during the presidential elections, won a landslide in eastern Ukraine, the region which would be hardest hit by radical reform. His distaste for the nationalist rhetoric which his predecessor, Mr Leonid Kravchuk, employed as a substitute for economic policy should prevent the new administration from wasting its time bickering with Russia.

Financial resources

Even with these political advantages, Mr Kuchma will need substantial financial resources if he is to persuade his country to endure the initial pain of market reforms. The \$4bn promised by the G7 would be a start, but much of this money is earmarked for dismantling nuclear weapons, cleaning up the aftermath of the Chernobyl nuclear accident and technical assistance. In addition to this, the west must also directly support the budget and the currency. One measure worth direct assistance on the right terms would be the New Deal-style public works programme Mr Kuchma would like to create.

Western aid must be swift and substantial, for two reasons. First, Mr Kuchma's tentative conversion to the market must be seen to be rewarded. Otherwise, Ukrainians who still have a tenuous, indeed naive, faith in western financial institutions, could become as disillusioned as their Russian cousins.

Second, Mr Kuchma needs the political leverage a substantial western aid package would give him. Ukraine has not yet resolved the three-way power struggle between the presidency, cabinet and parliament which, in Russia, ended in bloodshed last October. In pursuing tough economic reforms Mr Kuchma faces a fierce battle with Ukraine's conservative legislature. Ukrainians should be made to understand that the west is in their president's corner.

Outing the insiders

The Department of Trade and Industry's decision last week not to take action over allegations of insider dealing involving the former deputy chairman of the Conservative party, Lord Archer, provided an unrevealing conclusion to a bizarre episode. Whether the move by Trade Secretary Mr Michael Heseltine to publish the investigation cost the over-controversial Tory peer a ministerial post remains a matter for conjecture. But at a more mundane level the saga raises questions, once again, over the extent to which the approach to insider dealing in the UK stands up.

In the nature of things insider dealing is difficult to prove. It is not a victimless crime, though contrary to popular belief the biggest losers from insider dealing tend to be market makers rather than small investors. In the open, international environment that followed the liberalisation of the old London Stock Exchange, the club ethic ceased to offer workable penalties. If insider dealing had not already been made illegal in 1980, new legislation would anyway have been needed after Big Bang.

The paradox that confronts legislators is that insider dealing arguably makes for more efficient pricing. This is because the practice causes information to be reflected more quickly in share prices. Yet such efficiency is gained only at the cost of some loss of investor confidence in the market itself. It is no coincidence that in many countries where insider dealing has been a rare for example, in southern Europe - stock exchanges have remained backwaters in their domestic economies. Companies have suffered from the adverse impact on the availability and cost of capital.

Weak rules

Equally important, from the point of view of London's international role, is that the preferred rules of the international capital markets are American ones. Most US institutions, while hostile in principle to over-regulation, regard weak insider dealing rules with unease for legislation is thus powerful. Yet controversy remains inescapable because of difficulties of definition and proof. No one can

be certain of the scale of the problem - although the large share price increases that precede so many takeover bids suggest that it is substantial. The fact that a mere 34 prosecutions in 14 years have delivered just 23 convictions and 29 acquittals invites unfavourable comparison with the record of the US Securities and Exchange Commission.

UK record

In an attempt to improve the UK's record, the government has refined the insider dealing rules in the Criminal Justice Act, which came into effect on March 1. But although the act considerably widens the definition of an insider and of inside information, it remains to be seen whether it delivers more convictions. The central difficulty facing prosecutors - establishing that someone knew that he had sensitive unpublished information - remains as high an obstacle as ever.

None of the remaining policy options are foolproof. Encouraging companies to reveal more information in order to reduce the potential value of insider trading is subject to obvious constraints where the information could be commercially damaging. Publicising all tentative bid approaches would create a false market.

Another option would be to remind traders that they are being watched with increasingly sophisticated technology, and hope that this would act as a deterrent. The London Stock Exchange has made much of its ability since November, to identify the names of brokers' clients soon after they deal in shares - a blunt sanction, but one that nonetheless bears thinking about.

A third route would be to give the authorities at least some of the tools enjoyed by the SEC. Unlike its British counterparts, the SEC acts as both investigator and prosecutor, and can bring civil prosecutions where the burden of proof is lower than that in criminal cases. Plea bargaining frequently leads to fines and to the surrender of profits without admission of guilt. The approach is at least flexible and the punishment is more appropriate to the crime. These are both merits which ministers would be ill-advised to ignore.

"I hope my fellow heads of government will resist the temptation to react to the failure of full economic and monetary union as if nothing had changed. If they do react it, it will have all the qualities of a rain dance and about the same potency."

Thus did John Major, in an instantaneously notorious article for *The Economist* last September, dispose of the soul of the Maastricht treaty he had fought so hard to enact. Yet there is an excellent chance that this particular piece of wisdom, albeit increasingly conventional, is quite wrong. Some continental politicians agree that the Maastricht timetable is no longer realistic. Not surprisingly, this is particularly true in Germany, where the notion of sacrificing the beloved D-Mark in favour of what has been condemned by one Bavarian politician as "esperanto money" is decidedly unpopular.

In June, Mr Gunter Rexrodt, the German economics minister, said that a single European currency might not be realised until 2001. In similar vein, Chancellor Helmut Kohl and Mr Hans Tietmeyer, the Bundesbank president, have both emphasised that maintaining currency stability is more important than sticking rigidly to the Maastricht timetable.

British Tory politicians find the idea of Emu too painful to contemplate since it might spell the end for their party. As for Mr Kohl, he has made a commitment upon which he can hardly renege if his country is to retain its credibility abroad. Yet the consequences of living up to it could seriously damage his popularity at home. When confronted by alternatives so unpleasant, a natural response is to pretend the choice will not arise, or at least not soon. It is certainly a natural response for vote-seeking politicians.

Yet there are strong reasons for believing Emu will happen.

The first is that influential people in Germany and France remain convinced that closer integration between their two countries is in their interest. For Mr Kohl, who looks increasingly likely to retain power at the forthcoming German general election, this is an article of faith. As for the French policy-making elite, whose hold on power is unlikely to be shaken by next year's presidential election, it wants Emu not just for broad political reasons, but specifically to obtain influence over German monetary policy. If the French were to request Emu when the treaty says they are entitled to do so, could Germany refuse?

Second, many European policymakers believe that a single market must have, if not a single currency, at least currency stability. This desire makes Emu still more important than before last August, when at least there was the hard ERM. The present provisional arrangement, with its 15 per cent divergence bands, has proved more stable than might have been expected. Indeed, one of the reasons for believing a move to Emu would not be too disruptive is that the French franc is back within the old 2.25 per cent divergence band from its central rate against the D-Mark. The same is true for the Belgian franc and Irish punt. It is almost true for the Danish krone, while the Dutch guilder never even moved into wide bands. Yet such stability cannot be guaranteed, it is argued, except through a currency union.

Finally, the loosening of the ERM has demonstrated that a currency union is different in kind from an adjustable peg exchange rate system. An Emu would be binding throughout an unknowable future. It is frivolous to pretend that failure to meet arbitrary convergence criteria by 1998 would make Emu unworkable, while success by, say, 2001 would make it easier. So why should EU member states not attempt to use the dates they have already set?

The obvious answer to that question is that the criteria laid down in the treaty, albeit arbitrary, are likely to prove an insuperable obstacle to Emu by 1998. But this is to forget the subtlety of the treaty.

The relevant criteria fall into three groups: for inflation and inter-

A currency union embracing most of Europe cannot be ruled out by the end of the decade, says Martin Wolf

Emu may not be dead, after all

cost index, for exchange rates, for fiscal policy.

Consumer price inflation must be within 1½ percentage points of the level in the best three members. Long-term interest rates must be within 2 percentage points of bond yields in the three countries with the lowest inflation rate. The Commission's latest forecast for 1994 inflation makes the three best performers France, Denmark and the Netherlands (see chart). Belgium, Germany, Ireland, Luxembourg, and the UK all meet the criterion. In early July, these countries also met the interest rate test.

The treaty was written on the assumption that Emu would emerge out of the ERM with narrow bands. The precise requirement, however, was that "a member state has respected the normal fluctuation margins provided for by the exchange rate mechanism of the EMS without severe tensions for at least two years before the examination". The current wider bands can now be used to define what is normal. Those with an excellent chance of meeting this criterion are Belgium, Denmark, France, Germany, Ireland, the Netherlands and Luxembourg. Others may, too.

Fiscal policy appears, at first glance, to be the paramount obstacle. On closer examination, however, this obstacle too disappears.

The treaty offers two fiscal "reference values", namely, "3 per cent for the ratio of the planned or actual government deficit to gross domestic product at market prices" and "60 per cent for the ratio of government debt to gross domestic product at market prices".

On Commission forecasts, Luxembourg and Ireland should meet the deficit criterion this year, although Germany and the Netherlands will come close. The public debt criterion should be met by Germany, France, Luxembourg and the UK, although Spain is very close and Portugal not too far away.

If unchanged, the fiscal position would appear to preclude Emu by early 1997, when a majority of members would have to satisfy all criteria. Furthermore, if Emu is to start in January 1999, it appears that there will be few participants. A monetary union between Germany and Luxembourg would seem the definition of futility.

This analysis is misleading, however, because the "excessive deficit" procedure of the Maastricht treaty, of which the reference values are components, is judgmental. In addition, the leading role in applying it falls on the Commission, hardly a

disinterested party. The latter is enjoined to identify "gross errors" - is a gross error, for example, if the "planned or actual" general government deficit is in excess of 3 per cent of GDP, "unless either the ratio has declined substantially and continuously and reached a level that comes close to the reference value; or alternatively the excess over the reference value is only exceptional and temporary and the ratio remains close to the

reference value". It is also a gross error if the ratio of general government gross debt to gross domestic product exceeds 60 per cent, "unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace".

Exceptional circumstances - the recent recession - may well be used to explain why Belgium, France, the UK and Denmark cannot meet the deficit measure. Furthermore, economic recovery should make it feasible for all of these countries to cut their deficits further. Most already have plans to do so.

Ratios of debt to GDP cannot be adjusted as swiftly as can deficits. Furthermore, three member states are forecast to have debt ratios of above 100 per cent this year: Italy, Greece and Belgium. In addition, Denmark, the Netherlands and Ireland have ratios well above 80 per cent.

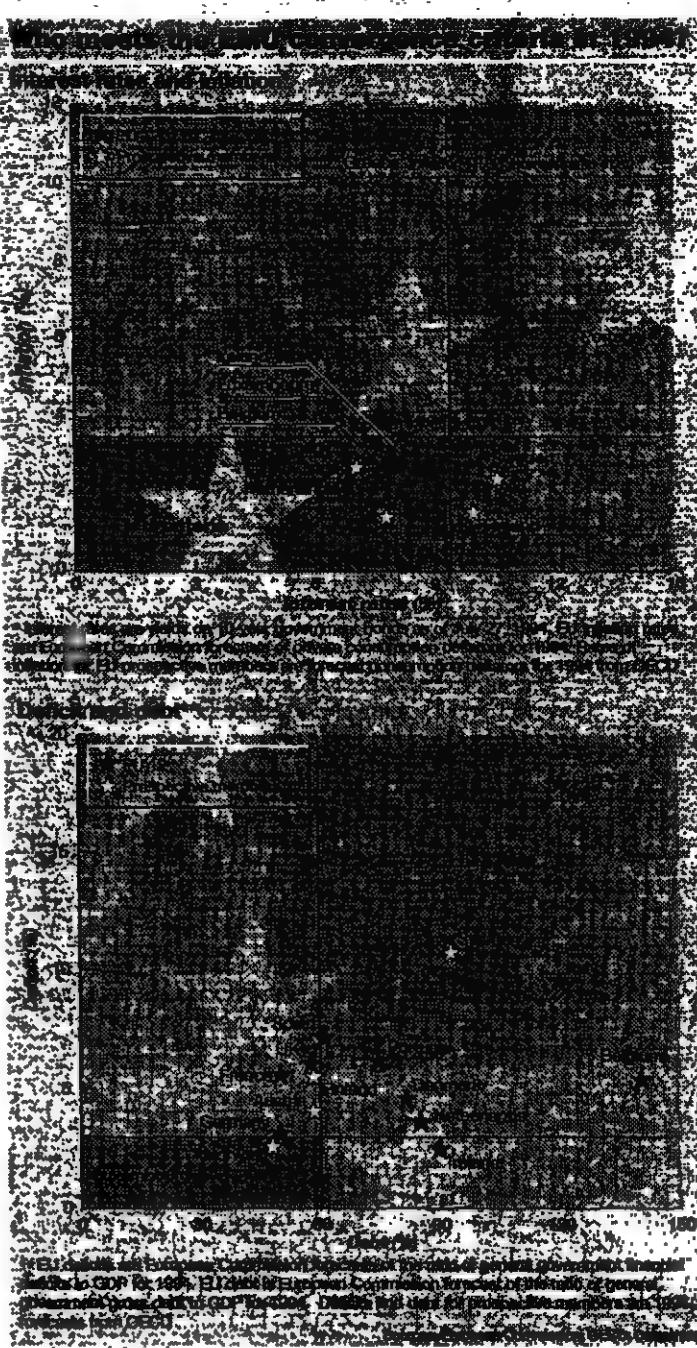
The question, however, is whether debt ratios will be judged to be "sufficiently diminishing". If a country maintains a large primary budget surplus - that is, excluding interest payments - that ratio will indeed tend to diminish. Of the high debt countries, Belgium, Ireland, Italy and the Netherlands all had significant primary surpluses last year. Though generally smaller this

Doctor on call

Now that France's constitutional council has watered down the daffier bits of the planned legislation to ban the use of Franglais, would it be too much to ask US news organisations, such as CNN, to report the work of a well-known internationalist relief organisation, such as Médecins sans Frontières, without feeling it necessary to translate its name into "Doctors without boundaries"?

Hi-di-hi, Trevor

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year, they could rise again. In 1996, therefore, the Commission may be able to argue that the eight countries which meet the inflation and interest rate criteria also meet the fiscal standards. It has, in fact, already argued that Ireland does not fail the fiscal tests, despite its high debt, because of its low deficit. The Commission should also be able to get away with this

slight of hand, since the Council "shall, acting by a qualified majority on a recommendation from the Commission (my emphasis)... decide... whether an excessive deficit exists". The Commission has the initiative. Thus the supposedly awesome fiscal criteria vanish, leaving but a grimace behind.

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OBSERVER



Heidi looks nice which has made the 58-year-old Hemmings one of Britain's richest entrepreneurs. According to the Sunday Times he is worth £175m or more than three times as much as Lord Hanson.

Hemmings is not known as a high-roller but when it comes to buying and selling businesses he's the man with the lucky touch for the moment.

His first big break came when Sir Fred Pontin asked him to build him a holiday camp in Southport in 1987 and Hemmings became Sir Fred's right-hand man. After Pontin lost his independence, it was Hemmings and not Sir Fred who bought it back from Basil in 1987. Quickly, he more than doubled his money by selling

another brewer, Scottish & Newcastle.

Since then Hemmings has been doing more of the same - buying low and selling high. Apart from owning 58m of S&N shares, he also has a seat on the board and a £14m stake in Wain Homes, the recently-floated Northern house builder, plus a raft of properties and a racecourse.

When the receivers were called in to John Ashcroft's high-flying Coleroll, Hemmings was one of the first to pick up the more valuable pieces and it seems only a matter of time before his son of Coleroll re-emerges on the stock market.

Given Hemmings' undoubted flair for wheeling and dealing for his own private account, one wonders how he finds time for his day job running S&N's leisure and property interests.

Greffiti

Ken Tough, Her Majesty's Greffier in Guernsey, has been tidying up his island's company register. Among the hundreds of companies struck off was Heare & Theyre Holdings.

Wonder which tax haven it is in now?

On his death bet

What fascinates New York commodity futures traders more than the consumer price index?

Council, acting by qualified majority, shall determine "whether a majority of the member states fulfil the necessary conditions for the adoption of a single currency, decide whether it is appropriate for the Community to enter the third stage, and if so set the date for the beginning of the third stage".

Seven members - Belgium, Denmark, France, Germany, the Netherlands, Luxembourg and Ireland - may be judged to meet the criteria in 1996. The UK is likely to pass all except the ERM criterion. But Denmark and the UK have their hard-won opt outs from the third stage of Emu and are excluded by the treaty from any potential majority.

By then, however, the EU will have been enlarged, in theory by four members. Norway already meets all the criteria and Austria almost all. Although not a member of the ERM, Austria possesses the most stable of all exchange rates against the D-Mark. Finland might well meet the criteria too. But Sweden looks likely to be excluded by its daunting fiscal crisis. Nevertheless, the number of countries meeting the conditions and not having opt-outs could well be nine out of 16 by late 1996, a majority.

In the member states' decision in 1996 that the conditions are met for the EU to enter the third stage, they must then set the date. They could set 2007, for example, not 1997. Yet such fingering seems unlikely, since it would ruin the EU's credibility. If they do not make a decision in 1996, the treaty requires Emu to start on January 1 1998.

Germany is the only plausible obstacle to Emu, since one without it would rob the project of its purpose. That many Germans are uncomfortable with the idea is obvious, but the country has made a commitment. To draw back would do grave damage. What is more, the German constitutional court is not likely to prove much of an obstacle. It has insisted, quite rightly, that the rules laid down in the treaty must be followed. But those rules are themselves judgmental. Provided the procedures are followed, there is no obvious legal basis for complaint.

Some may object that this analysis is insufficiently political. But it is precisely through legal obligations that European integration proceeds. There was, after all, also scepticism about the ability of the EU to declare the 1992 date for completing the basic legislation relating to the single market. Never underestimate the EU's fear of failure and the tyranny of the deadline.

Politics might arise in other ways. Germany could, for example, use the threat of being difficult to obtain concessions on political integration at the inter-governmental conference due in 1996. But the Germans are not in a good position to insist on a *quid pro quo* for Emu. Mr Kohl presumably knew what he was doing when he sold the pass, even if he does not care to tell his electorate now.

One way to make the move to the third stage more palatable would be to have irrevocably fixed exchange rates, but make no early moves to a single currency. Technically, all that would be needed is an open-ended commitment to support member currencies vis à vis one another, combined with a common monetary policy. The latter is what the European Central Bank would provide. Meanwhile, the angst of the man on the U-Bahn would be assuaged by continued circulation of his beloved D-Mark.

Mr Major may be unwilling to contemplate the possibility, but the dissolution of the ERM does, if anything, make Emu more probable, because more urgent. By the end of the decade an Emu embracing Austria, Belgium, Finland, France, Germany, Ireland, Luxembourg, the Netherlands and Norway is quite conceivable. Even the participation of Italy, Portugal, Spain and Sweden cannot be precluded. Would Denmark and the UK then say no? The prime minister was wrong. This rain dance is potent - and could be followed by a downpour.

The prime minister was wrong. This rain dance is potent - and could be followed by a downpour.

The sound of silence

Sergei Mavrodi, boss of the teetering MMM financial pyramid has been unusual among Russia's nouveau riche in being discreet to the point of invisibility. There exists no known interview with him: he is said to be of Greek descent, and is thought to be Russia's fourth richest person. His rest is silence.

However, his approach to business communications is starting to catch on. Those who once gave interviews freely, now ration their time - less because they grudge wasting it when they could be making money, more for reasons of security: concealed in a tape-recorder could be a bomb.

Konstantin Borovoi, once the motor-mouth of Russian business and one of the first to make it big through his Moscow Commodities Exchange - is now rarely featured. Oleg Boiko, the man behind the Russian Credit Bank, has never been a great talker, and Vladimir Gussinsky, reputedly Russia's wealthiest man, prefers the phone these days.

Mavrodi also shares his fellow tycoons' belief in mixing business and politics. When MMM began to crumble, he threatened to use his 10m shareholders to force a referendum on the government's performance. Borovoi started his own Economic Freedom party,

Boiko bankrolls Yegor Gaidar's Democratic Choice, and Gussinsky helps out Grigory Yavlinsky's Yabloko party.

Finally, all are in fear, behind armies of bodyguards and high walls. Gussinsky, for example, built his own restaurant to have somewhere safe to eat and his convoy of guard vehicles is larger than that of President Boris Yeltsin. Doing business in Russia takes nerve. Sergei Mavrodi merely shows a little more than the norm.

Doctor on call

Now that France's constitutional council has watered down the daffier bits of the planned legislation to ban the use of Franglais, would it be too much to ask US news organisations, such as CNN, to report the work of a well-known internationalist relief organisation, such as Médecins sans Frontières, without feeling it necessary to translate its name into "Doctors without boundaries"?

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The health or otherwise of celebrated movie stars and politicians, apparently. The hundred members of the Great Beyond have been winning and losing money for the past couple of years according to the timing of the various big-name appointments with St Peter.

It works like this. Each trader pays \$10 up front to join, and a \$5 monthly membership fee thereafter. He or she gets allocated a celebrity by picking names from a hat. Whoever's celebrity dies next scoops the pool.

To qualify, the famous persons - ranging from Mother Theresa to Gene Kelly - have to be over 50 and not too well. Excitement is running high at the moment because "no one" has died for three months so there is about \$2,500 in the kitty.

O.J. fixed

Forget Whitewater. US TV audiences are far more interested in the televised pre-trial hearings of O.J. Simpson, the US football player accused of murdering his wife, than the murky financial affairs of the US president.

Indeed such is the level of interest in next month's trial that it has spawned the following quiz: "Who's there?" "O.J." "O.J. who?" "All right, you're on the jury."

Handwritten signature or mark.

Security Council sanctions US military action UN supports force to remove Haiti junta

 By Edward Mortimer
 in Washington

The UN Security Council yesterday gave US President Bill Clinton permission to remove Haiti and its military leaders by force as and when he feels like it. Sources within the Clinton administration said this did not necessarily mean an invasion was imminent.

The UN resolution, passed by 14 votes to none with China and Brazil abstaining, employs the formula first used in the Gulf war in 1990-91, which authorises member states to "use all necessary means" to bring about an objective, in this case the departure of Haiti's military leadership under General Raoul Cedras.

The decision was legitimised by a letter sent to the Council on Friday by Mr Jean-Bertrand Aristide, the elected president, whom

Gen Cedras ousted in a coup in 1991 and who is now in exile in the US.

Mr Aristide had refrained from calling publicly for a US invasion, on the grounds that he is forbidden to do this by the Haitian constitution. Now, he has called for "swift and effective action" to remove the military junta - which, like "all necessary means", is a transparent euphemism for the use of force.

The resolution calls for a "multinational force under unified command and control" but it is understood to mean a US force with token help from a few Latin American or Caribbean states.

Once the military leaders are removed and a "secure and stable environment established", this would be replaced by a more traditional UN peacekeeping force of 6,000 men, intended to help Mr Aristide impose law and order

and reorganise the Haitian armed forces. In the event of a US invasion, this longer term task presents much greater difficulties than the initial invasion.

There is little support among the US public for an invasion, except in the influential black caucus in Congress and in parts of Florida where it is seen as the best hope of ending the flow of Haitian refugees. In the past month, the US has been housing Haitian refugees at its naval base at Guantanamo in Cuba, rather than allowing them into Florida, and the outflow has dropped.

This is one reason why observers in Washington no longer expect an immediate invasion, but rather Mr Clinton will use the threat of invasion, plus tougher sanctions imposed by the Security Council in May, to try to persuade the military leaders to step down peacefully.

Milosevic backs plan to end war in Bosnia

By Bruce Clark in London

Serbia's President Slobodan Milosevic, faced with escalating economic sanctions, yesterday urged his kinsmen in Bosnia to accept an internationally sponsored plan to end the civil war in the republic.

It was the first time Mr Milosevic had expressed unequivocal backing for a peace initiative designed by the "contact group" of five major powers.

The group's foreign ministers met in Geneva at the weekend and pledged to intensify their punitive measures against the Serbs unless the plan was accepted.

The measure did not include a threat of arms on the Serbs' behalf, but the UN government, although it still enjoys strong support in the UN.

Mr Malcolm Rifkind, UK defence secretary, said yesterday that Britain still opposed rescinding the embargo but would not rule out the use of other countries' troops on it.

He reaffirmed that Britain would pull out its troops if war in Bosnia were ended and that there were already serious concerns about the safety of the UN contingent.

Mr Milosevic said in a speech to the congress of the Serbian People's Party in Belgrade: "Without doubt a compromise is necessary. Peace is more just than war and life and welfare must prevail over death and destruction."

Mr Milosevic, the Serbian foreign minister, also praised the UN plan for helping the peace process.

Mr Alija Izetbegovic, Bosnia's Muslim president, complained that the measures announced in Geneva were too weak. The five ministers agreed to tighten sanctions against Serbia, and to use tougher enforcement of the measures designed to protect Muslim Moslems.

The ministers said they would insist on closer monitoring of Serbia's borders, especially the border with the former Yugoslav republic of Montenegro, through which many Serbs were passing unimpeded.

THE LEX COLUMN

Alternative medicine

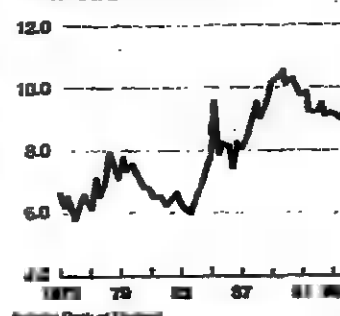
The pharmaceutical industry as a whole has reason to worry about the US Food and Drug Administration's refusal to approve Pepsid, Merck's anti-ulcer drug, as a heartburn remedy. Many of the drugs which fuelled growth in the US are now being protected by patents. The industry's watered-down versions directly to consumers without a prescription could be an important line of defence. Yet the FDA's reluctance to approve prescription drugs for sale over the counter suggests that the US regulators do not share the industry's enthusiasm.

Merck's failure is especially worrying news for Glaxo, which has high hopes for its own ulcer drug Zantac as an indigestion remedy. Glaxo's Zantac, which has been used to combat Tapanol, suffered by the FDA last week, might like comfort that it is not alone in falling foul of the authority's stringent criteria. But Zantac has been used especially for Tapanol which has already had patent protection. With millions of patients already familiar with Tapanol and Zantac in prescription form, the stakes are high.

Glaxo, which hopes to sell its anti-ulcer compound Zantac without a prescription in the US, has been talking months ahead. Warner Lambert, which will help promote Zantac and Zovirax if they are approved, also has a lot riding on the FDA's decisions. While satisfying US authorities has never going to be easy, the migration of pharmaceutical companies from consumer care to drugs in danger of being stopped in the tracks.

UK corporate investment

Investment as % of GDP



more easily able to rein in costs when business drops. The larger merchant banks are also increasingly active on the international scene. Full control of the City will strengthen Schroders' position in the US. But even smaller investment banks are competing globally for privatisation business.

This is not to say that 1994 will turn out as good as last year. Warburg's annual meeting was a reminder that the UK's economic pipeline is not particularly hot. But in the longer term a structural change may be apparent. The capital markets should continue to capture business from commercial banks. Larger merchant banks continue to diversify abroad. They will also enjoy greater growth prospects and less volatile earnings. Currently depressed share prices ignore this prospect altogether.

UK economy

The Bank of England's latest quarterly bulletin sheds light on the slow growth of investment as well as the growth of the economy. Investment by companies is certainly growing more slowly than during previous upturns - 1.7 per cent last year against 2.4 per cent in 1993. But spending held an unusually well during the recession. As the chart shows, investment as a percentage of GDP has been higher than in the early 1990s. Investment through financial markets has been strong. On a replacement basis, capital gearing across the economy is not far below the peak reached in 1990.

But while that might encourage some companies to invest, the bigger barrier is uncertainty about the economic prospects. The Bank's straw poll - taken in March - found that companies were unwilling to increase

Merchant banks

The flurry of bids in UK food retailing is a reminder that life is not as bad for the merchant banks as their market performance might suggest. The sector has dropped by 16 per cent this year, roughly twice as far as the market as a whole. Kleinwort's results this week will give some indication of whether merchant banks deserve to be treated as badly, but there are grounds for doubt. Not only did equity and gilt market turnover hold up well during the first half in spite of falling prices, there was also an active US market in new issues.

Two other points suggest investors are wrong to link merchant bank performance directly to the equity market. The first is that several now appear to be basing pay more closely on financial results. They are thus

investment which firm evidence of rising demand. Similarly, only 30 per cent of companies had raised their hurdle rates of return for new investment to take account of low inflation. Corporate Britain is clearly sceptical about the promise of stable, low-inflationary growth.

Such a conclusion tallies with surveys by the Confederation of British Industry. It is also consistent with the investment during recession: companies usually demand a lower rate of return from investment in efficiency rather than capacity. The outlook for growth is less clouded than when the Bank was in pole, so the emphasis may slowly switch towards increasing productive capacity. If the government wants companies to lower hurdle rates, though, it still has a long way to go.

Underwriting fees

The debate about underwriting, which has been fanned by the latest OFT investigation, is ultimately a battle between lenders and borrowers. The City's battalions are determined to protect pre-emption rights and their risk premium for lending capital. Lenders, they can argue, are the current underwriting structure guarantees that a company will always receive the money. That is an advantage not to be discarded lightly.

Companies respond that a fixed commission of 2 per cent is used to justify a low discount. Yet the biggest disadvantage of the current underwriting structure is the required return to underwrite price - typically 15-20 per cent. That risk cushion is too plump for all but the most extreme circumstances. Companies pay different prices for capital in the debt market depending on their financial strength. Why should the same considerations not apply in the equity market? Option pricing methodology certainly suggests that the discount could be lowered in the near majority of cases.

The net result is that UK companies pay a higher cost for equity capital than competitors in most other industrialised countries. It means that earnings growth is consequently slower, yields are higher and the total returns to shareholders are likely to be lower. Few earned for guaranteeing companies receive capital at a justified price. But institutional investors - as well as companies - would ultimately benefit if they were prepared to support a narrower discount.

Toubon pledges to continue backing French bons mots

By Alice Rawsthorn in Paris

Jacques Toubon, the French culture minister, yesterday pledged to continue his official campaign to protect the French language by restricting the use of foreign words, despite the opposition of the Constitutional Council.

The council, the official body assessing whether new legislation is valid, this weekend stalled Mr Toubon's attempts at linguistic protectionism by concluding that he was not legally entitled to forbid the public from using certain words or phrases.

The council based its decision on the Declaration of the Rights of Man, which dates from the 1789 French Revolution and states: "The free communication of thoughts and opinions is one of man's most precious rights: each citizen should be able to speak, write and publish freely." Mr Toubon, whose language campaign was greeted by general scorn earning him the nickname "Mr Allgood" (the English translation of "Toubon"), said on

French television that the council's ruling was simply "a technical setback".

"People may snigger and joke at Parisian dinner parties, but how many ordinary French people actually go to fashionable dinners?" he added.

However, Mr Toubon has been left with very little room for manoeuvre. Originally he had intended that foreign words should be replaced in all forms of public communication by the French equivalents laid out in a specially-prepared glossary of 3,000 French words.

Following the council's ruling the use of this glossary will be limited to public sector organisations, advertising and media. The failure to use a veritable French word in public signs, advertisements and official correspondence is punishable with a fine of up to FF60,000 (\$8,000). But it will be left to the courts to decide whether the use of a foreign word is legally permissible, thereby making it very difficult to apply Mr Toubon's law in practice. The council's decision has

been received with relief in France.

There has been one source of criticism of Mr Toubon, whose language campaign is as much a political statement as a linguistic one. The Socialist predecessor, Mr Jack Lang.

Mr Toubon's proposals, which form part of a general campaign of cultural protectionism, including his anti-Hollywood lobby at the European Council negotiations and his proposals to impose "French quotas" on radio stations, were ridiculed in the media. Mr Toubon even ended the luncheon on his 50th birthday of hearing the guests at an official ceremony serenaded him with a chorus of "Happy Birthday Mr Allgood".

Le Journal du Dimanche, the popular Sunday paper, cheerfully hailed the council's ruling as "saying 'OK' to 'travelling', 'corner' and 'col'". An editorial in today's edition of Le Monde, the prestigious daily, concluded "Good sense has triumphed".

Berlusconi under increased pressure

Continued from Page 1

as an impartial trustee for the prime minister, who is principal owner of Fininvest.

Mr Berlusconi waited 24 hours before commenting on Mr Berlusconi's proposals - in response from Mr Gianfranco Fini, leader of the opposition, MSI/National Alliance, the other main partner in the right-wing coalition. Mr Fini said it was "unacceptable" to place all Mr Berlusconi's assets in a foundation which would be run by a board "completely free from any association with the boss of Forza Italia".

Mr Scalfaro's objections centred on him being required to play a role that exceeded his constitutional powers as head of state. The president, he said, could not nominate such a commission.

Some political analysts said Mr Scalfaro was reluctant to nominate a commission when he had

to co-ordinate with the speakers of the two houses.

Yesterday, both the president's office and that of the prime minister refused to play down any differences. Nevertheless, the president's office was widely seen as a polite way of saying the proposals had been rushed through without proper consultation and consideration.

The opposition is likely to take a tough line against the Berlusconi plan in tomorrow's parliamentary debate.

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China shares

Continued from Page 1

Mr Liu said the value of the shares would depend on "market conditions" and on companies' preparatory work. He also noted that foreign companies had been listed in Shanghai and Shenzhen, depending on their convertibility.

Foreign institutions, including Japanese investment houses, have been buying B-shares, but interest in Shanghai and Shenzhen are down 30 per cent this year.

FT WEATHER GUIDE

Europe today

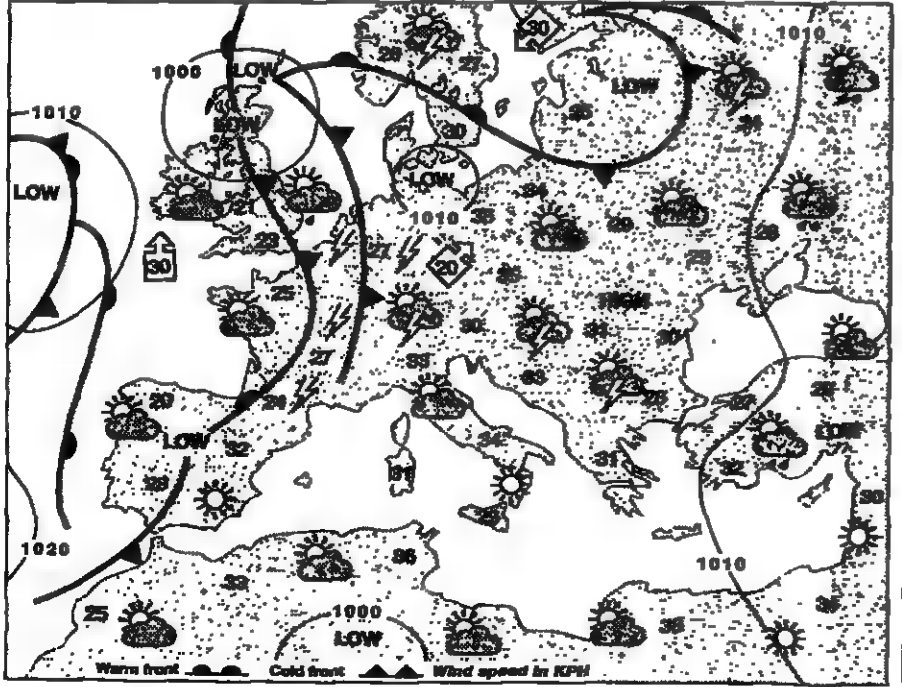
Many parts of Europe will continue to be exceptionally hot. Central and northern Germany and Poland could have temperatures as high as 38C. At the same time, much cooler air from the Atlantic will try to push in from the west. This scenario will trigger numerous thunder storms over France, the Low Countries and Germany. Some of the storms could be heavy with hail and damaging, gusty winds. The British Isles and all of western France will see improving conditions later on. The Atlantic will be quite settled and sunny. Central Greece will have scattered thunder storms. Northern Europe will have a mixture of sun and showers. Finland will see a lot of cloud and outbreaks of thundery rain.

Five-day forecast

After a short cool spell, western Europe will experience another rapid warming trend, resulting in the continuation of the heat wave. Germany, Poland and the Balkan states will be again the hottest places with temperatures above 35C. France, the Low Countries and Germany will have scattered, locally heavy, thunder storms later in the week.

TODAY'S TEMPERATURES

Location	Max	Min
Abu Dhabi	34	28
Accra	31	24
Algiers	31	24
Amman	31	24
Antwerp	31	24
Athens	31	24
Atlanta	31	24
B. Aires	31	24
Bombay	31	24
Buenos Aires	31	24
Calcutta	31	24
Cairo	31	24
Cape Town	31	24



Location	Max	Min
Caracas	31	24
Casablanca	31	24
Cebu	31	24
Chengdu	31	24
Colombo	31	24
Dakar	31	24
Dallas	31	24
Dhaka	31	24
Dubai	31	24
Dublin	31	24
Durham	31	24
Edinburgh	31	24
Faro	31	24
Frankfurt	31	24
Geneva	31	24
Glasgow	31	24
Hamburg	31	24
Helsinki	31	24
Hong Kong	31	24
Honolulu	31	24
Islamabad	31	24
Jakarta	31	24
Jeddah	31	24
Karachi	31	24
Kuala Lumpur	31	24
Kuwait	31	24
L. Angeles	31	24
Los Angeles	31	24
Lima	31	24
Lisbon	31	24
London	31	24
Luoyang	31	24
Lyon	31	24
Madras	31	24
Manila	31	24
Moscow	31	24
Madrid	31	24
Mexico City	31	24
Mumbai	31	24
Myanmar	31	24
Nairobi	31	24
Nagasaki	31	24
Nassau	31	24
New York	31	24
Nice	31	24
Nicosia	31	24
Osaka	31	24
Paris	31	24
Perth	31	24
Peking	31	24
Port of Spain	31	24
Rangoon	31	24
Riyadh	31	24
Rome	31	24
S. Francisco	31	24
Seoul	31	24
Shanghai	31	24
Singapore	31	24
Stockholm	31	24
Sydney	31	24
Taipei	31	24
Tel Aviv	31	24
Tokyo	31	24
Toronto	31	24
Valparaiso	31	24
Warsaw	31	24
Washington	31	24
Wellington	31	24
Winnipeg	31	24
Zurich	31	24

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مكتبة الامم المتحدة

مكتبة الإمام أبي جعفر

Third group enters bid talks with Lac Minerals

By Bernard Simon in Toronto

Two mid-sized Canadian gold producers have expressed an interest in jointly acquiring and then splitting up Lac Minerals, the gold and base-metal group which is the target of two competing takeover bids worth more than C\$2bn (US\$1.4bn).

TVX Gold and Kinross Gold, both based in Toronto, have yet to make a formal offer for Lac. Their overtures have so far been rejected by Lac's management.

TVX and Kinross said their talks with Lac involved an offer of about C\$1.5bn for Lac share, or a total of C\$2.2bn. This is slightly higher than bids on the table from American Barrick and Royal Oak Mines of Vancouver.

Under the proposal, Kinross would take over Lac's Canadian



Peter Munk: his American Barrick is front runner

dian mines while TVX would get its US and Chilean properties.

TVX, which was until recently controlled by Inco, the

producer, operates a number of gold mines in Latin America.

Kinross is a relatively new company which has grown through a series of mergers and acquisitions involving mines in North America and Zimbabwe.

Lac has so far said that its first choice is to remain independent. But with its shares widely dispersed, this outcome becomes less likely as the list of bidders grows.

For the time being, American Barrick, the gold producer controlled by Canadian entrepreneur Mr Peter Munk remains the investment community's front runner. Its bidders could emerge over the next few weeks.

Royal Oak, headed by Ms Peggy Witte, president, is about one-third the size of Lac in terms of annual gold output.

Mobil slips into deficit after \$680m charge

Mobil, the US oil group, plans to take a \$680m charge against first-quarter earnings to reflect an inventory accounting change, Reuter reports from Fairfax, Virginia.

The change was in the method of applying the lower of cost or market test for crude oil and product inventories, the company said. It will push Mobil into the red for the period.

Mobil said the restatement would result in a loss of \$145m for the first quarter, against a previously reported profit of \$538m. For the first six months net profit would be \$53m, or 60 cents a share, against \$733m, or \$1.77.

Mobil uses last-in, first-out costing to account for the book value of inventories. In prior years, book value was compared with current market prices on a worldwide basis when determining the value to be recorded.

Bridgestone has strong first half

By Gordon Cramb in Tokyo

Bridgestone, which makes half the tyres sold in Japan and has been hit by the downturn in the country's vehicle market, yesterday produced its first interim profits increase since 1990 after a cost-cutting programme.

Although parent company sales fell a further 5.3 per cent to ¥288bn (\$2.5bn), pre-tax profits were up 22.8 per cent to ¥18.91bn for the six months to June.

The company expects full-year profits to rise up 26.6 per cent before tax to ¥45bn - improved from an earlier forecast of ¥37bn.

BASF postpones investment in Italy

By Paul Abrahams

BASF, the German chemicals group, has postponed investment in Italy because of the government-inspired price cuts and healthcare reforms.

The move follows the decision last month by Menarini, Italy's largest domestic drugs company, to transfer all production out of Italy because of the government's aggressive attitude to the pharmaceuticals industry.

Mr Giovanni Pinamonti, BASF's Italian managing director, explained to the Financial Times newsletter, Pharmaceutical Business News: "There is

no [state] industrial strategy [in Italy] for the development of the pharmaceutical industry."

BASF has decided for the moment not to carry on with plans to concentrate worldwide gastrointestinal research in Milan, nor increase its Italian manufacturing capacity, said Mr Pinamonti.

European drugs companies are bracing themselves for another blow to the troubled Italian drugs market. Last week the Italian cabinet agreed a 11 per cent price cut for next year, although the decision has yet to be approved by Parliament.

Mr Raffaele Costa, health minister, said: "If it was up to me I would cut prices even further."

Giba, the Swiss group, has admitted it lost L4.7bn (\$26m) last year in Italy, partly because of the devaluation of the lira, partly because of investment, and partly because of healthcare reform.

Among the domestic groups, Brokers James Capel estimates Menarini and Sigma Tau would be hit hardest by any additional price cut. Respectively, about 37 per cent and 41 per cent of their sales are in Italy. Among the multinational groups Ares-Serono of Switzer-

land and Pharmacia, the Swedish group, would be most affected.

Healthcare reforms introduced in January have had a large effect on the Italian sector.

Growth in all leading European drugs markets has slowed so far this year, but the Italian market has been the worst hit in Europe.

Year-on-year sales during the first five months have fallen 7 per cent to \$3.08bn from \$3.29bn. That compares with \$4.7bn for the same period in 1992, according to IMS International, the specialist market research group.

Studies suggest demand for non-polluting vans

Mercedes plans development centre for emission-free trucks

By Christopher Perkins in Frankfurt

Mercedes-Benz is to set up a development centre for emission-free commercial vehicles at its Mannheim plant next year. Studies suggested that west European demand for non-polluting vans and other vehicles would be strong enough to justify industrial-scale production by the end of the century, the company said yesterday.

Its new urban distribution vehicles, the T1N and T2, were suitable for a direct entry into this new market, it said. They could first be fitted with electric motors and with other emission-free motors when the technology had been perfected.

The announcement followed a confirmation last week that Mercedes is to take over the bus-making activities of the private Kässbohrer group on undisclosed terms.

The centre would ensure the future of the Mannheim plant,

improve Mercedes' presence in the touring bus market - Kässbohrer's main business - and markets such as Denmark, Spain and Austria.

While the takeover settles a long turbulent debate over the future of Kässbohrer, it marks a decisive step in the overdue restructuring of the German bus industry.

Sales in Germany are expected to fall 10 per cent to 15 per cent this year, while the total west European market has been stagnant with about 20,000 new registrations annually for the past 10 years.

According to Mercedes, its Mannheim works made 8,300 complete buses and 580 chassis last year, turning over DM2bn (\$1.25bn) with a workforce of 6,400 people.

In the Turkish operation, where 2,000 employees built 1,200 units, sales reached DM350m. The Kässbohrer factories turned out 2,300 buses with sales of more than DM1bn.

Analysts said the deal would

Polish banks fight foreign banking threat

By Christopher Robinson in Warsaw

Three Polish banks have agreed to merge together in a "banking group" in a first step towards consolidation of the country's fragmented banking system.

According to Mr Wojciech Koszowski, head of the state-owned Polish Development Bank (PBR), the outcome of the agreement would be "somewhere between a holding company and a merger".

The other two banks are Bank Przemyslowo Handlowy of Krakow, which is shortly to be privatised, and the already listed Wloclawski Bank Kredytowy (WBK).

WBK was sold by the state last year, with the European Bank for Reconstruction and Development taking a 28.6 per cent stake.

The banks said they were prompted by the potential challenge from foreign banks - expected once Poland's financial markets are fully opened to competition.

End of Month S.G. Warburg Warrant Valuations

as at 29th July, 1994

Single Issues	TYPE	CURRENCY	SPOT	STRIKE	PRICE	EXPIRY
BHP	Call	AUD	19.0	19.50	1.63	29th Jun 95
Bornier	Call	CHF	1175	1250	15.35	11th Jun 96
Danava	Call	CHF	1713	1600	15.75	2nd Aug 96
China Light & Power	Call	HKD	40.7	41.00	2.74	2nd Jan 96
Soo Hong Bank	Call	HKD	25.2	32.00	0.41	25th Jun 96
Hong Kong Electric	Call	HKD	23.40	29.20	0.45	6th Feb 96
Hong Kong Telecom	Call	HKD	15.50	15.60	0.32	24th Nov 95
Hutchison Whampoa	Call	HKD	35.60	35.70	0.38	21st Dec 95
Hyman Development	Call	HKD	22.30	22.40	0.35	6th Sep 94
Malayan Bank	Call	HKD	15.50	13.05	5.17	21st Dec 95
Soo Hong Kai Properties	Call	HKD	50.50	50.00	1.49	2nd Jan 96
Metalgesellschaft	Call	DM	219.00	250	7.5	31st Oct 95
Philips Electronics	Call	NLG	54.50	54.18	7.89	8th Sep 95
Mondadori	Call	ITL	14953	16830	337	22nd Dec 95
Saipan	Call	ITL	4130	4246	517	30th Mar 96
Sip 1	Call	ITL	4518	3832	1289	14th Jan 96
Sip 2	Call	ITL	4518	3237	464	14th Jan 96
Sip 1	Call	ITL	5215	4725	1191	14th Sep 95
Sip 2	Call	ITL	5215	6770	444	28th Jan 96
Thai Farmers Bank	Call	THB	138	127.80	42.90	17th Jan 96
Baskets						
Australian Insurance	Call	AUD	105	101.57	2.03	3rd Jan 96
European Airlines 1	Call	£	485	320	17.20	1st Feb 95
European Airlines 2	Call	£	485	468.91	9.81	9th Mar 96
European Multi-Media 1	Call	£	2183	2028.57	3.05	28th Sep 95
European Multi-Media 2	Call	£	2183	2475	1.55	28th Sep 95
European Steels	Call	DM	3942	2550	144	12th Jan 96
UK Banks	Call	£	94.00	114.75	0.21	1st Jan 96
UK Food	Call	£	104.50	106.25	1.40	8th Nov 95
UK Pharmaceuticals 1	Call	£	92.00	98.05	0.36	22nd Jan 96
UK Pharmaceuticals 2	Call	£	92.00	87.50	1.40	20th Nov 95
UK Support Services	Call	£	85.4	107.50	0.24	2nd Aug 95
Water Companies	Call	£	98.00	104.75	0.51	5th May 96
Italian Industrials 1	Call	ITL	22233	19665	571	31st Aug 95
Italian Industrials 2	Call	ITL	22233	24549	200	31st Aug 95
Italian Recommendation	Call	ITL	396287	489229	482	13th Oct 95
Swedish Capital Goods	Call	SEK	110060	112054	18.83	20th Oct 95
Asian Oil Sector	Call	USD	1.069	1.00	0.29	23rd Jun 96
European Commodities	Call	USD	3782	3600	7.91	10 Jun 96
Indo-China	Call	USD	0.873	1.00	0.09	8th Dec 95
Korean Blue Chips	Call	USD	10380	KW9000	5.0	22 Dec 95
Singapore Shipyards	Call	USD	8.26	SGD10.00	1.04	14th Nov 95
Taipei Property	Call	NTD	1105	800	514	2nd Jun 96
Taiwanese Blue Chip	Call	NTD	1263	1000	364	30th Mar 96
Indices						
FTSE Mid-250 Index	Call	£	3640	2900	2.81	17th Mar 95
FTSE Mid-250 Index	Call	£	3640	3470	3.21	17th Mar 95
FTSE Mid-250 Index	Call	£	3640	3670	2.06	17th Mar 95
FTSE Mid-250 Index	Call	£	3640	3900	1.14	17th Mar 95
FTSE Mid-250 Index	Call	£	3640	3945	2.37	17th Jan 96
FTSE Mid-250 Index	Put	£	3640	2900	0.05	17th Mar 95
FTSE Mid-250 Index	Put	£	3640	3470	1.74	17th Mar 95
FTSE Mid-250 Index	Put	£	3640	3270	1.05	17th Mar 95
FTSE Mid-250 Index	Put	£	3640	3900	4.01	17th Mar 95
FTSE Mid-250 Index	Put	£	3640	3900	3.24	19th Jan 96
BCI-30	Call	DEM	16.5	16.94	2.86	19th Jan 96
BCI-30	Put	DEM	16.5	16.94	2.86	19th Jan 96
South Africa						
JSE Overall Index	Call	Rand	1251	\$1166	20.60	15th Mar 95
JSE Overall Index	Call	Rand	1251	\$1345	11.77	15th Mar 95
JSE Overall Index	Put	Rand	1251	\$1166	14.00	15th Mar 95
JSE Overall Index	Put	Rand	1378	\$1364	25.55	15th Mar 95
JSE Industrial Index	Call	Rand	1378	\$1569	17.88	15th Mar 95
JSE Industrial Index	Put	Rand	1378	\$1364	19.17	15th Mar 95
Relative Performance						
Volvo/OMX	Call	SEK	+42.5%	-10%	529.2	23rd Feb 95
Volvo/OMX	Call	SEK	+42.58%	+0%	444.9	23rd Feb 95
Volvo/OMX	Call	SEK	+42.58%	+10%	366.9	23rd Feb 95

S.G. WARBURG

S.G. WARBURG GLOBAL EQUITY DERIVATIVES

INFORMATION CONTACT JUSTIN CHITTENDEN ON 071-560 0177 REUTERS PAGE WARA

All of these securities having been sold, this announcement appears as a matter of record only.

Chilgener S.A.

2,960,584 American Depositary Shares

Representing

11,842,336 Shares of Common Stock

538,288 American Depositary Shares

This portion of the offering was offered outside the United States, Canada and Chile by the undersigned.

MORGAN STANLEY & CO. SMITH BARNEY INC.

2,422,296 American Depositary Shares

This portion of the offering was offered in the United States and Canada by the undersigned.

MORGAN STANLEY & CO. SMITH BARNEY INC.

BEAR, STEARNS & CO. INC. DEAN WITTER REYNOLDS INC.

DONALDSON, LUFKIN & JENRETTE A.G. EDWARDS & SONS, INC. GOLDMAN, SACHS & CO.

KIDDER, PEABODY & CO. LEHMAN BROTHERS MERRILL LYNCH & CO.

OPPENHEIMER & CO., INC. PAINEWEBBER INCORPORATED

PRUDENTIAL SECURITIES INCORPORATED SALOMON BROTHERS INC

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INTERNATIONALE NEDERLANDEN (U.S.) SECURITIES CORPORATION JANNEY MONTGOMERY SCOTT INC.

KEMPER SECURITIES, INC. LEGG MASON WOOD WALKER McDONALD & COMPANY

RAUSCHER REFSNES, INC. WHEAT FIRST BUTCHER SINGER

July 1994

NEW YORK

Benchmark yield curve (10%)

US

Month ago — 10 years ago

Yield (US\$)

0 10 years 20 30

All yields are market convention

LONDON

Philip Coggan

FRANKFURT

Christopher Parkes

TOKYO

Emiko Terazono

Capital & Credit / Antonia Sharpe

Not all gloom and doom in Italy

	1990	1991	1992
1. Total	1,401	1,329	1,341
2. Non-union	1,000	961	952
3. Union	401	368	389
4. Total	1,401	1,329	1,341
5. Non-union	1,000	961	952
6. Union	401	368	389

International / Graham Bowley

United Kingdom Nirex Limited; Professor
y Institute; Thierry Baudou; EBPD; John

to the annual meetings of the IMF and the for banking in the mid-1980s and address a concern to the international financial community.

ence will focus on build-operate-transfer markets in India, Eastern Europe, South

Williamson Engineering, Inc., and the
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 The World Bank, John Hoffman III, Morgan
 south, Nynex Network Systems Company,
 Corporation, Mr Christopher Nash, Northwest
 Stephens CB, The Berns Union.

Dr. Herbert Ungerer from the European Managing Director of The Peoples Phone Company of the German Democratic Republic, Mr. J. Goldman Sachs & Co., Mr. Thomas Jolin, and Mr. Jan Naele, President of China

with Expansion and Actualized Economic Competing in Europe". An eminent panel of will assess the economic challenges and labour market reforms and what can be done.

ence will review the driving forces changing telecommunications industry. International differences in European telecommunications will be scrutinized for equipment manufacturers in a round panel of speakers includes: Dr Michael

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LPH, UK. Telephone: 061-673 9000.

Mr. Major: "There is about DM1800 billion of German debt to be issued this year, which represents a huge surplus. The Ecu market does not have those supply concerns."

However, there has been some disappointment that less than half of the Ecu funds currently being freed as many of the Ecu bonds come up for redemption, estimated to be about 25%. ECU holders must now sell Ecu bonds in the Ecu bond market.

In addition, the market continues to suffer from a lack of aggressive marketing of the debt, which has been the case ever since several of the large investment banks pulled many of its resources out of the Ecu bond market.

The largest issuer of Ecu debt continues to be the French government, but even it is limited to small offerings by the expensiveness of current yields.

"Most recent issues have been small, which means that investors are not focusing on the Ecu bond market," said C. C. Calk. "If it is to be reinstated, we need to begin focusing on the Ecu and the EMU. At the moment, the are the last things on people's minds."

Even if there is a recovery Europe's bond markets, monetary union and the adoption of the Ecu as Europe's sole currency become more than a distant dream. A sell in the Ecu bond market fortunes will be difficult.

Issuer	Amount \$ mil.	Maturity	Coupon %	Price	Yield %	Latest spread to Treasury	Bank name
ISS DOLLARS							
Gen. London Branchbank	250	Jan-80	6 1/2	107.75	—	—	Swiss Bank Corp.
CPAC	250	Jul-80	6 1/2	103.00	—	—	Swiss Bank Corp.
FOCALTEE 1984-1986	100	Jul-80	6 1/2	103.00	—	—	Swiss Bank Corp.
Gen. Commerce Trust Corp.	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
1703 of America	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
WARRA 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
Daily Paper Corp. & Co.	50	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
ISS EURO DOLLARS							
Gen. London Branchbank	100	Jan-80	6 1/2	107.75	3.25	—	Swiss Bank Corp.
CPAC	100	Jul-80	6 1/2	103.00	—	—	Swiss Bank Corp.
FOCALTEE 1984-1986	100	Jul-80	6 1/2	103.00	—	—	Swiss Bank Corp.
Gen. Commerce Trust Corp.	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
1703 of America	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
WARRA 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
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1703 of America	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
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CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
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CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
CPAC 1984-1986	100	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.
Daily Paper Corp. & Co.	50	Jan-80	6 1/2	103.00	—	—	Swiss Bank Corp.

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CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND											
Jul 29	Close	Change	Day's	High	Low	One month	Three months	One year	JP Morgan	Index	
	Mid-point	on day	spread			Rate	Rate	Rate	Rate		
Europe	17.1887	+0.0045	609	17.1887	17.1887	0.3	0.3	0.4	114.4		
Australia	50.3452	+0.0050	450	50.3452	50.3452	-0.2	0.2	0.2	110.8		
Belgium	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
Denmark	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
France	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
Germany	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
Greece	368.388	+0.0050	450	368.388	368.388	-0.2	0.2	0.2	110.8		
Italy	1.0144	+0.0050	450	1.0144	1.0144	-0.2	0.2	0.2	110.8		
Japan	244.270	+0.0050	450	244.270	244.270	-0.2	0.2	0.2	110.8		
Luxembourg	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
Netherlands	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
Norway	10.6400	+0.0050	450	10.6400	10.6400	-0.2	0.2	0.2	110.8		
Portugal	248.078	+0.0050	450	248.078	248.078	-0.2	0.2	0.2	110.8		
Spain	200.558	+0.0050	450	200.558	200.558	-0.2	0.2	0.2	110.8		
Sweden	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
Switzerland	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
UK	5.0352	+0.0079	250	5.0352	5.0352	-0.1	0.1	0.1	105.7		
USA	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
Argentina	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
Brazil	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
Canada	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
China	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
India	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
Indonesia	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
Malaysia	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
New Zealand	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
South Africa	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
Singapore	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
Taiwan	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
Thailand	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		
USA	1.5347	+0.0048	342	1.5347	1.5347	-0.2	0.2	0.2	110.8		

NOTE: For Jul 29, Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland and ECU rates in both table and DOLLAR SPOT table are rounded by the F.T.

CRO-RATE AND DERIVATIVES

EXCHANGE CROSS RATES											
Jul 29	Close	Change	Day's	High	Low	One month	Three months	One year	JP Morgan	Index	
	Mid-point	on day	spread			Rate	Rate	Rate	Rate		
Belgium	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Denmark	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
France	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Germany	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Italy	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Netherlands	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Norway	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Portugal	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Spain	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Sweden	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Switzerland	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
UK	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Argentina	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Brazil	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Canada	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
China	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
India	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Indonesia	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Malaysia	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
New Zealand	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
South Africa	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Singapore	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Taiwan	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Thailand	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		

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Denmark	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
France	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Germany	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Italy	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Netherlands	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Norway	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Portugal	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Spain	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Sweden	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Switzerland	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
UK	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Argentina	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Brazil	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Canada	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
China	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
India	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Indonesia	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Malaysia	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
New Zealand	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
South Africa	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Singapore	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
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Germany	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Italy	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Netherlands	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Norway	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Portugal	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Spain	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Sweden	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Switzerland	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
UK	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Argentina	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Brazil	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Canada	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
China	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
India	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Indonesia	100	10.10	10.80	10.10	10.10	0.					

EXCHANGE CROSS RATES											
Jul 29	Close	Change	Day's	High	Low	One month	Three months	One year	JP Morgan	Index	
	Mid-point	on day	spread			Rate	Rate	Rate	Rate		
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Denmark	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
France	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Germany	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Italy	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Netherlands	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Norway	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Portugal	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Spain	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Sweden	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Switzerland	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
UK	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Argentina	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Brazil	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Canada	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
China	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
India	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Indonesia	100	10.10	10.80	10.10	10.10	0.					

EXCHANGE CROSS RATES											
Jul 29	Close	Change	Day's	High	Low	One month	Three months	One year	JP Morgan	Index	
	Mid-point	on day	spread			Rate	Rate	Rate	Rate		
Belgium	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Denmark	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
France	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Germany	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Italy	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Netherlands	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Norway	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Portugal	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Spain	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Sweden	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Switzerland	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
UK	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Argentina	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Brazil	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Canada	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
China	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
India	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Indonesia	100	10.10	10.80	10.10	10.10	0.					

EXCHANGE CROSS RATES											
Jul 29	Close	Change	Day's	High	Low	One month	Three months	One year	JP Morgan	Index	
	Mid-point	on day	spread			Rate	Rate	Rate	Rate		
Belgium	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Denmark	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
France	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Germany	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Italy	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Netherlands	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Norway	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Portugal	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Spain	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Sweden	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Switzerland	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
UK	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Argentina	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Brazil	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Canada	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
China	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
India	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Indonesia	100	10.10	10.80	10.10	10.10	0.					

EXCHANGE CROSS RATES											
Jul 29	Close	Change	Day's	High	Low	One month	Three months	One year	JP Morgan	Index	
	Mid-point	on day	spread			Rate	Rate	Rate	Rate		
Belgium	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Denmark	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
France	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Germany	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Italy	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Netherlands	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Norway	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Portugal	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Spain	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Sweden	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Switzerland	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
UK	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Argentina	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Brazil	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Canada	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
China	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
India	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Indonesia	100	10.10	10.80	10.10	10.10	0.					

EXCHANGE CROSS RATES											
Jul 29	Close	Change	Day's	High	Low	One month	Three months	One year	JP Morgan	Index	
	Mid-point	on day	spread			Rate	Rate	Rate	Rate		
Belgium	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Denmark	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
France	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Germany	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Italy	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Netherlands	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Norway	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Portugal	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Spain	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Sweden	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Switzerland	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
UK	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
USA	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Argentina	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Brazil	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Canada	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
China	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
India	100	10.10	10.80	10.10	10.10	0.1	0.1	0.1	114.4		
Indonesia	100	10.10	10.80	10.10	10.10	0.					

EXCHANGE CROSS RATES											
Jul 29	Close	Change	Day's	High	Low	One month	Three months	One year	JP Morgan	Index	
	Mid-point	on day	spread								

BANKS

[illegible]

ELECTRONIC & ELECTRONIC EQUIPMENT - Cont.

DIS	FABRIC	YTD	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587																																																																																								
ABE Ltd.	100	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00

EXTRACTOR INDUSTRIES[illegible]

HEALTH CARE

[illegible]**INVESTMENT TRUSTS - Con**[illegible]

Drain Motors _____ 5W 180
Electrocomps _____ 4M 400

[illegible]

Name _____
Date _____

[illegible]

David B. _____

Company	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017	3018	3019	3020	3021	3022	3023	3024	3025	3026	3027	3028	3029	3030	3031	3032	3033	3034	3035	3036	3037	3038	3039	3040	3041	3042	3043	3044	3045	3046	3047	3048	3049	3050	3051	3052	3053	3054	3055	3056	3057	3058	3059	3060	3061	3062	3063	3064	3065	3066	3067	3068	3069	3070	3071	3072	3073	3074	3075	3076	3077	3078	3079	3080	3081	3082	3083	3084	3085	3086	3087	3088	3089	3090	3091	3092	3093	3094	3095	3096	3097	3098	3099	3100	3101	3102	3103	3104	3105	3106	3107	3108	3109	3110	3111	3112	3113	3114	3115	3116	3117	3118	3119	3120	3121	3122	3123	3124	3125	3126	3127	3128	3129	3130	3131	3132	3133	3134	3135	3136	3137	3138	3139	3140	3141	3142	3143	3144	3145	3146	3147	3148	3149	3150	3151	3152	3153	3154	3155	3156	3157	3158	3159	3160	3161	3162	3163	3164	3165	3166	3167	3168	3169	3170	3171	3172	3173	3174	3175	3176	3177	3178	3179	3180	3181	3182	3183	3184	3185	3186	3187	3188	3189	3190	3191	3192	3193	3194	3195	3196	3197	3198	3199	3200	3201	3202	3203	3204	3205	3206	3207	3208	3209	3210	3211	3212	3213	3214	3215	3216	3217	3218	3219	3220	3221	3222	3223	3224	3225	3226	3227	3228	3229	3230	3231	3232	3233	3234	3235	3236	3237	3238	3239	3240	3241	3242	3243	3244	3245	3246	3247	3248	3249	3250	3251	3252	3253	3254	3255	3256	3257	3258	3259	3260	3261	3262	3263	3264	3265	3266	3267	3268	3269	3270	3271	3272	3273	3274	3275	3276	3277	3278	3279	3280	3281	3282	3283	3284	3285	3286	3287	3288	3289	3290	3291	3292	3293	3294	3295	3296	3297	3298	3299	3300	3301	3302	3303	3304	3305	3306	3307	3308	3309	3310	3311	3312	3313	3314	3315	3316	3317	3318	3319	3320	3321	3322	3323	3324	3325	3326	3327	3328	3329	3330	3331	3332	3333	3334	3335	3336	3337	3338	3339	3340	3341	3342	3343	3344	3345	3346	3347	3348	3349	3350	3351	3352	3353	3354	3355	3356	3357	3358	3359	3360	3361	3362	3363	3364	3365	3366	3367	3368	3369	3370	3371
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Fitzroy Uprising ☐

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GenCorp Inc.
GenCorp Inc.
GenCorp Inc.

[illegible]

1999	1998	1997	1996
10.8	14.2	14.2	14.2
11.9	14.2	14.2	14.2

[illegible]

Strubland Grp Y	70
Strubland Grp X	70

[illegible]

electronics _____ 44

[illegible]

DATE: _____

[illegible]

Warrant _____

[illegible]

Low Smelter Co's _____ N

[illegible]

Dec	2.4	0.6	2.0
Jan	2.4	0.6	2.0

June	18.7	21.1	2368
July	18.7	20.7	2368
Aug	78.9	8.6	1410
Sept	102.6	6.6	1410
Oct	22.9	8.8	1410
Nov	22.5	5.5	1401
Dec	47.8	6.6	1401
Jan	47.8	6.6	1401
Feb	16.2	6.7	1384
Mar	16.2	6.7	1384
Apr	58.9	6.6	1384
May	118.1	15.5	2035
June	118.1	15.5	2035
July	23.0	4.7	4370
Aug	23.0	4.7	4370
Sept	23.0	4.7	4370
Oct	23.0	4.7	4370
Nov	23.0	4.7	4370
Dec	23.0	4.7	4370
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May	23.0	4.7	4370
June	23.0	4.7	4370
July	23.0	4.7	4370
Aug			

ممكنه اذن الاصل

4 pm close July 29

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Continued on next page

FT GUIDE TO THE WEEK

MONDAY

Reconciliation in Warsaw

Germany's president Roman Herzog joins US vice-president Al Gore, UK premier John Major, René Monory, president of the French Senate, and a representative of Russian president Boris Yeltsin in a ceremony of reconciliation to mark the 50th anniversary of the Warsaw Uprising.



decessor, Richard von Weizsäcker, and do all he can to improve relations between the two neighbours.

William Perry, the US defence secretary, returns to Washington from Rwanda. Some 200 US troops arrived in Kigali, the Rwandan capital, yesterday to prepare the airport for relief flights.

South Pacific Forum Leaders of 16 South Pacific nations, including Australia and New Zealand, commence their annual gathering, held this year in Brisbane. The forum takes place amid warnings from Australia that South Pacific countries need to rethink economic and environmental policies.

Swan Hunter Receivers of Swan Hunter are meeting with Construction Mechanics of Normandie, its sole prospective buyer, in London this morning to try to clinch a deal to save the Tyne-side shipbuilder.

Australian businessman John Elliott, and three executives of his former Bidders IXL brewing and agriproducts group, face committal hearings at Melbourne Magistrates Court. Along with two Sydney bankers, they are charged with theft and conspiracy to defraud Elders of A\$66.8m (\$49m), through sham foreign exchange transactions.

"M" plates The first cars with "M" licence plates will be registered in the UK. The Society of Motor Manufacturers and Traders is looking at alternative number plate systems which could replace the UK's annual prefix letter by 1996.

Insider trading becomes illegal in Germany today. Under the previous voluntary code of practice the most severe sanction was the loss of a broker's trading licence.

South Africa's parliament is due to reconvene in Cape Town.

Holidays Australia (bank holiday in some states), Canada, Ireland, Jamaica (Independence Day), Scotland, Switzerland (National Day).

TUESDAY

Lukashenko meets Yeltsin

Alexander Lukashenko, the newly elected president of Belarus, meets Russian president Boris Yeltsin in Moscow. Lukashenko came in on a ticket of union with Russia and has said that the Belarus economic crisis cannot be solved without Russian aid.

Silvio Berlusconi, the embattled Italian premier, will make a statement to parliament on his growing confrontation with the judiciary. He is expected to use the opportunity to clarify the conflict of interest between his role as prime minister and the ownership of his Fininvest empire.

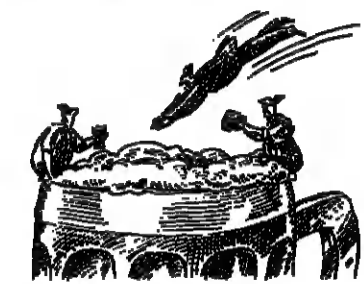
Rwandan crisis Donor countries meet in Geneva to discuss the United Nations' humanitarian aid effort for Rwanda and pledge contributions to the UN's \$400m appeal launched on July 22. The worst postwar refugee crisis has seen the uprooting of half Rwanda's 7m population, a ravaging cholera epidemic among refugees in Zaïre and the slaughter of half a million civilians.

US vice-president, Al Gore, arrives in Kiev for a one-day official visit with Ukraine's new leadership. Mr Gore comes on the personal invitation of President Leonid Kuchma, just two weeks in office. Discussions are to focus on Ukraine's progress in dismantling its nuclear arsenal and launching economic reforms.

UK economy The Bank of England's quarterly inflation report, published this afternoon, may be used as justification for a change in base rates, as it was in February. Even if rates are unchanged, the market will scan the report for the Bank's expectations of inflation rates in the medium term.

Kuwaiti and US troops will start a 12-day joint military exercise to commemorate the Iraqi invasion exactly four years ago, according to the Kuwait News Agency. US officials had no immediate comment.

Specific gravity Serious drinkers will be descending on the Olympia exhibition centre in west London for the Campaign for Real Ale's five-day Great British Beer Festival.



Bonnie Prince Charlie, as painted by the French artist La Tour, joins the Scottish National Portrait Gallery on the 249th anniversary of the Young Pretender setting foot on Scottish soil.

WEDNESDAY

Fed releases Beige Book

The US Federal Reserve releases its Beige Book, an up-to-date compendium of regional reports on the US economy. The Commerce Department's report on leading economic indicators for June is expected to climb, pushed by rises in orders for new plant and equipment and materials prices.

Nigeria A general strike is threatened in Nigeria from today amid rising concern that the country's worst crisis in decades could degenerate into ethnic chaos.

Cuba's parliament debates a new tax law when it meets in ordinary session today. Authorities on the Caribbean island have been laying the groundwork for the gradual introduction of some personal taxes, as part of a cautious process of economic reform. The aim is to bring order to the country's internal finances by reducing pesos in circulation and cutting the budget deficit.

Anti-atomic rally in Hiroshima A representative of Japan's ruling conservative Liberal Democratic Party is to attend, for the first time, the annual World Rally against Atomic and Hydrogen Bombs, in Hiroshima (to August 6). The LDP has never in its 39-year life sent an official delegation to rallies calling for a ban on nuclear weapons. The rally is backed by the LDP's coalition partner, the left-wing Social Democratic Party, its traditional enemy until the formation of Japan's latest coalition government in late June.

US-NZ relations US assistant secretary of state Winston Lord starts a two-day visit to New Zealand. It is the latest step in a gradual improvement of relations after a seven-year rift. The State Department suspended senior level contacts with New Zealand in 1987 because of legislation banning nuclear-armed and nuclear-propelled vessels from the country's ports.

Banana disputes Representatives from eight Latin American banana-producing countries are meeting in Nicaragua to try to end a dispute over import quotas in Europe. Unlike the other Latin American staple export - coffee - bananas have been flourishing at 10-year price lows on the international markets.

Basketball world championships open in Toronto (to August 14).

Crickets The second test match between England and South Africa at Headingley, Leeds (to August 5).

THURSDAY

Court decision on Nasreen

A court in Dhaka is due to consider whether to declare Taslima Nasreen a fugitive. Anybody sheltering her would then be committing an offence.

The feminist Bangladeshi writer is in hiding following death threats because she allegedly insulted Islam. Last week she received an invitation to visit Norway, which could defuse the situation by getting her out of Bangladesh.

Tin miners Managers at Britain's last operating tin mine, South Crofty, Cornwall, will know today if their share offering has raised enough to get them through the next 18 months, when they hope tin prices will be higher. If tin is raised by midnight, the UK government and RTZ Corporation will write off loans of \$30.4m (\$47m). Otherwise, the future looks bleak.

Salerooms Batman and Superman slug it out in South Kensington as Christie's London office holds its first sale of comics. It includes the first editions to feature the American heroes: Superman in *Action Comics* on June 1, 1938, and Batman in *Detective Comics* in May 1939. The Batman comic, the rarer of the two, has an estimated value of \$30,000-\$40,000. The Superman comic is estimated at \$15,000-\$20,000.

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FRIDAY

N Korea-US talks resume

The US and North Korea are scheduled to resume high-level talks in Geneva on international inspection of North Korea's nuclear programme. Discussions, which began on July 8, were suspended after one day following the death of President Kim Il-sung.

Pyeongyang has promised to suspend its nuclear operations if progress is achieved, including possible US diplomatic recognition and economic aid in return for full inspections.

The talks will be the first main test for North Korea's new leader, Mr Kim Jong-il, the son of the late president.

US economy The Labour Department may drop the unemployment rate from 6 per cent to 5.9 per cent. This could alarm the Federal Reserve, ever alert to early signs of tightening labour markets.

Nigeria is host to a summit of West African heads of state.

Chinese index An index for Chinese enterprises listed on the Hong Kong Stock Exchange is launched today. The Hang Seng China Enterprises Index comprises the 10 H-share companies.

Exit Greece Unless \$7.8m (\$11.8m) is raised by today, Stephen Dorrell, UK national heritage secretary, will allow an export licence to the Getty Museum, California, for Canova's neo-classical sculpture *The Three Graces*. It is not expected that a sum to match the Getty's purchase price will be raised.

6-7

WEEKEND

Samper becomes president

Outgoing Colombian president, Cesar Gaviria, is due to hand over power on Sunday to president-elect Ernesto Samper, who narrowly won the May 19 election. Mr Gaviria is to become secretary-general of the Organisation of American States.

Hiroshima ceremony Peace Memorial ceremonies take place on Saturday to mark the anniversary of the 1945 atomic bombing of the city.

Aids conference The 10th international conference on Aids starts on Sunday. This year's week-long event in Yokohama is likely to be smaller than last year's in Berlin, not because of a lack of scientific developments, but simply because of the expense of travelling to and staying in Japan.

The conference is expected to yield details of trials showing that the drug AZT can inhibit transmission of HIV from mother to child, and news about the effectiveness of using three drugs in combination.

Guinea-Bissau vote The second round run-off in the presidential elections in the west African republic is held on Sunday. In the first round on July 3, head of state Jose Bernardo Vieira fell short of an outright majority against the leading opposition candidate, Kumba Yala.

Compiled by Patrick Stiles and Ian Holdsworth. Fax: (+44) (0)71 573 3194.

ECONOMIC DIARY

Other economic news

Monday: As the markets buzz in anticipation of a UK base rate rise and the publication of the Bank of England's quarterly bulletin, UK figures will be watched with particular interest this week.

Today's data on M0, the narrowest measure of the money supply, is expected to show a slight slowdown in its annual growth rate. But with the market forecasting a 6.3 per cent annual increase, the rate is still well outside the government's monitoring band of 0-4 per cent.

Tuesday: With Germany's economic recovery proceeding faster than many had dared hope, June's industrial production and manufacturing output data, which are due out today or tomorrow, will be watched with interest.

A strong increase in output is expected, following a slight fall last month.

Friday: UK manufacturing and output data due today will provide further indications of the strength of the UK recovery, with a small pick-up in the rate of monthly growth expected.

In the US, a spate of industrial production and employment data is expected to point to continued strong recovery.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	US	June personal income	0.3%	0.3%
Aug 1	US	June personal consumer expend	0.5%	0.4%
	US	Net Ase purchasing managers Ind.	56.9%	57.5%
	US	June construction spending	0.5%	0.5%
	Japan	July auto sales	-	1.7%
	Japan	July foreign reserves	-	4.5%
	UK	July M0	0.5%	0.5%
	UK	July M0	5.3%	6.0%
Tues	US	June new home sales	700,000	738,000
Aug 2	US	Johnson Reebok, w/e July 30	-	-0.4%
	UK	July off reserves (underlying change)	-	-\$14m
Wed	US	June leading indicators	0.1%	0.0%
Aug 3	US	June factory orders	0.5%	0.6%
	US	June factory inventories	0.5%	-
	US	July domestic auto sales	7m	7m
	US	July domestic light truck sales	5.4m	5.4m
	UK	June final money data	-	n/a
	Aus/ie	June retail trade	0.5%	-0.1%
	Aus/ie	June retail trade, real	0.0%	1.8%
Thur	US	Initial claims, w/e July 30	345,000	331,000
Aug 4	US	State benefits, w/e July 23	2.8m	-
	US	June home completions	1,45m	-
	US	M2, w/e July 25	\$4bn	\$4.9bn
	Germany	July unemployment rate, West	5.00%	5.00%
	Germany	June employment rate, West	77.00%	76.00%

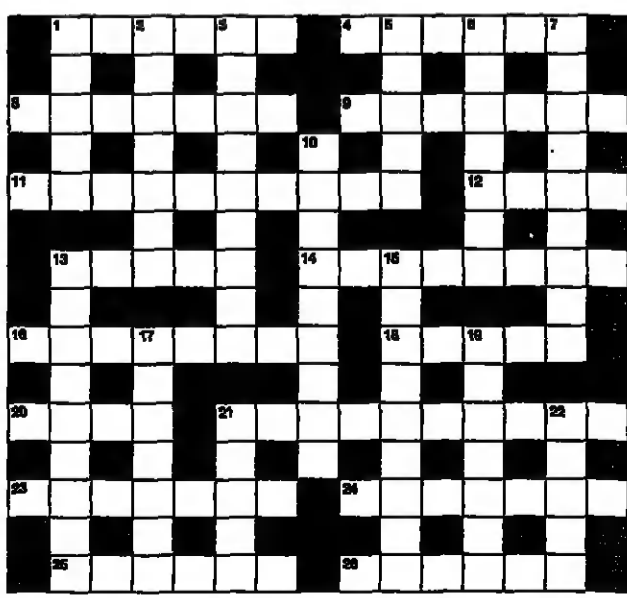
Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Thur	Germany	July vacancies, West	-	-3,000
Aug 4	Germany	July short-time West, not (cont)	-	-69,000
	Canada	July foreign reserves, change	C\$200m	C\$682m
	Canada	July help wanted index	97	95
Frid	US	July non-farm payrolls	210,000	379,000
Aug 5	US	July manufacturing payrolls	12,000	34,000
	US	July average workweek	-	34.6
	US	July unemployment rate, civilian	6.1%	6%
	US	June consumer credit	-	\$10.4bn
	Japan	June current account, IMF	\$12.5bn	\$8.7bn
	Japan	June trade balance, IMF	-	\$8.8bn
	Japan	June foreign bond investment	-	\$5.6bn
	UK	June manufacturing output*	0.2%	0.3%
	UK	June manufacturing output**	4.6%	1.8%
	UK	June industrial production*	0.3%	0.1%
During the week...				
	Japan	July trade balance, 1st 20 days	-	\$5.0bn
	Germany	June industrial production*	0.6%	-0.7%
	Germany	June manufacturing output*	0.75%	-0.6%
	Germany	June manufacturing orders*	0.5%	-0.2%
	Germany	June M3, final	-	18.4%
	Germany	July cost of living, final*	-	0.2%
	Germany	July cost of living, final**	-	2%
	Italy	June consumer prices index, final*	-	6.6%

*month on month, **year on year, *seasonally adjusted Statistics courtesy MMS International

*month on month, **year on year, seasonally adjusted. Statistics courtesy MMS International.

- ACROSS**
- Drop by holding length of material (6)
 - Get the wrong enclosure (6)
 - Gather over on a blazing site (7)
 - Blunder about Irish creature (7)
 - He charges heavily for refining Cornish ore (10)
 - A worker's cards (4)
 - Started for example to get drawn into prohibition (6)
 - Columnist who carries weight (8)
 - He's the kind of man who deliberately unlocks his capital (8)
 - Reason for bringing union leader into use cabinet (5)
 - Bouncer with a certain pull round the hotel (4)
 - Small timer who can set wheels in motion (10)
 - Cause difficulties over active socialite (7)
 - Little advantage in stormy rain at such a blustery state (7)
 - Strange death of strong footballer (5)
 - Player involved in further match (6)

- DOWN**
- Try to knock out the hot drink (5)
 - A fraction of a mark (7)
 - Once arranged in the pub the engineer revealed a certain calvary (8)
 - Those whose expectations have been fulfilled (6)
 - The soldiers holding out reach the strident (7)
 - Unpleasant attack on the other side (9)
 - A line of leather (8)
 - A tip for exporters (8)
 - Going back to modified English services (9)
 - Electing to drop one over the lack of attention (7)
 - Straighten out a French composer (7)
 - Puzzle about one cereal (5)
 - That Scottish sodium, when overturned, will cause irritation (6)

MONDAY PRIZE CROSSWORD
No. 5,520 Set by ADAMANT

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution and five runner-up prizes of £38 Pelikan vouchers will be awarded. Solutions by Thursday August 11, marked Monday Crossword 5,520 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday August 15.

Name: _____
Address: _____

Winners 5,505

O.I. Crown, London NW4
B.R. Candy, Maidenhead, Berkshire
Helen Eyssartier, Paris, France
C.R. Fenton, Gerrards Cross, Bucks
A. Lipton, Hatch End, Middlesex
A. Wild, Bournemouth, Dorset

Solution 5,505

HERRINGS FOREY
E E N N R E R
A D M I T T E D A D M I T T E D
R A A E A S T V
T H I N K I N G L I V I N G
S N E S S O L L E
C O M P L E M E N T
S L I U E E S V
H E A D M A S T E R
O M P E C P O I
G A T O R C H I L D R E N
P A S S E D
I R O N I C R E P A R T E E
N S Y E S T Y N
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